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Overcoming World Hunger: The Challenge Ahead

Report of the Presidential Commission on World Hunger

March 1980

Presidential Commission on World Hunger
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Not our ecologist

March 25, 1980

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

I am pleased to submit the full Report of the Presidential Commission on World Hunger. As you will recall, we submitted a Preliminary Report to you in December, 1979. At that time, we promised to provide a complete report with detailed recommendations on how the United States could accelerate efforts to alleviate world hunger.

The elimination of hunger will involve difficult decisions and substantial resources. We are very mindful of the fact that we are submitting this Report at a time when our nation has serious concerns about our own economy. Nevertheless, we believe that addressing this problem is a vital long-term investment in national and global survival. Further, we have recommended a number of measures that can be enacted immediately without placing further strains on the federal budget.

As you have directed, the Commission will use its remaining time to continue a nationwide public education campaign. Further, we stand ready to assist you and the Congress in the challenging process of implementing the recommendations contained within the attached Report.

Respectfully submitted,

Sol M. Linowitz

Enclosure

FROM THE DESK OF

Harold C. Jordahl, Jr.

Idvah Iltis

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INTRODUCTION BY THE CHAIRMAN

This Report is about world hunger - a subject that is remote to most Americans. We submit this document to the President of the United States at a time when those same Americans face painful domestic economic decisions and an unprecedented convergence of international crises. It provides information, analyses and conclusions that will not always be familiar or easy for Americans to accept - and in many cases, it recommends actions whose results are not readily measured.

Despite these concerns, the message of this Report is clear: the United States must do more to help address the inequities that allow poverty and hunger to persist in the world. Otherwise, the economic and political tensions of today are only an ominous prelude to the world our children will inherit.

This Report examines world hunger - its causes, its dimensions, its future implications, and an attainable path toward its resolution. These recommendations are presented by 20 Americans, as diverse in their approach to the subject as they are themselves. They are presented by Americans, not because others have not cared or taken action, but because the Congress and the President of the United States believe this nation must be at the forefront of global efforts to build a world where decent incomes and adequate diets are the rule, rather than the exception. Such a world can come into being only through a combination of different methods, emphases and approaches. It should not be surprising then, that the members of the Presidential Commission on World Hunger do, in various instances, differ with one another. Indeed, expressions of those differences in perspective and emphasis, as well as specific dissent, are identified - and properly so - in both the Report and in an Appendix.

But on the Report's central concern there is no variation in emphasis or commitment: to solve the problem of hunger, we Americans must begin to reorder our national priorities so that U.S. actions that could alleviate world hunger are accorded status equal to the actions needed to safeguard other aspects of our own national security.

For, in many respects, these actions are one and the same.

Such actions are specified in the recommendations of this Report: few are easy, some of the most important will take time, and many will require short-term economic sacrifices and adjustments that will be especially hard to achieve in times of inflation, rising energy costs and international crises. However, a surprising number involve pursuing current objectives more efficiently and effectively, making better use of existing information or resources, and negotiating more cooperative arrangements for international actions. Others involve enacting legislation with minimal consequences for the federal budget, but promising economic advantage for the United States as well as other nations. Action must begin immediately on all these fronts, and those measures requiring greater sacrifice and additional resources must be assigned specific time frames. It is not enough to say "as soon as possible," for that may not be soon enough for those who have no jobs or food today.

The Commission does not expect overnight solutions to a problem that has plagued the world for generations. However, the Commission's own convictions regarding the urgency of the need and the feasibility of obtaining results were reinforced by wide-ranging testimony on the problem of world hunger from experts, concerned citizens, independent organizations, and government officials. During its deliberations, the

Commission also had the opportunity to comment separately on matters of immediate concern, such as the agenda for the 1979 Economic Summit, the famine in Cambodia, and the U.S. embargo of grain to the Soviet Union in 1980. Our review of these subjects and the extensive public interest in the Commission's work underscored the deep concern of the American people about world hunger -- but their concern must now be translated quickly into action.

In the final analysis, unless Americans, - as citizens of an increasingly interdependent world, - place far higher priority on overcoming world hunger, its effects will no longer remain remote or unfamiliar. Nor can we wait until we reach the brink of the precipice; the major actions required do not lend themselves to crises planning, patchwork management or emergency financing. In short, we must recognize that the actions and resources necessary to end hunger are integral parts of a total effort to assure the security of mankind in a peaceful world.

The hour is late. Age-old forces of poverty, disease, inequity and hunger continue to challenge the world. Our humanity demands that we act upon these challenges now. This Report is not intended to represent the consummate distillation of knowledge about hunger and malnutrition. Rather, it is meant to stimulate the accelerated efforts needed to overcome hunger before time runs out. In the fervent hope of spurring the action required, the Presidential Commission on World Hunger presents its Report.

Sol M. Linowitz, Chairman
Presidential Commission on World Hunger

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Ambassador Sol M. Linowitz, Chairman

Dr. Jean Mayer, Vice-Chairman

Dr. Steven Muller, Vice-Chairman

Dr. Norman E. Borlaug

Mr. David W. Brooks

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PREFACE

Widespread hunger is a cruel fact of our time. In 1974, after poor harvests and oil price increases disrupted the international food system, the World Food Conference called on all governments to accept the goal that in ten years' time, no child would go to bed hungry, no family would fear for its next day's bread, and no human being's future and capacities would be stunted by malnutrition. Today, however, the world is even farther from that goal than it was then. While the good harvests of recent years have prevented widespread famine, the next world food crisis will find the world not much better prepared than it was in 1974. This need not be the case.

Mounting public and Congressional concern over the continuing deterioration of the world food situation led President Carter to appoint a Presidential Commission on World Hunger. The Commission's mandate was to identify the basic causes of domestic and international hunger and malnutrition, assess past and present national programs and policies that affect hunger and malnutrition, review existing studies and research on hunger, recommend to the President and Congress specific actions to create a coherent national food and hunger policy, and help implement those recommendations and focus public attention on food and hunger issues.

The major recommendation of the Presidential Commission on World Hunger is that the United States Government make the elimination of hunger the primary focus of its relationships with the developing countries, beginning with the decade of the 1980s. We believe that this focus can be demonstrated most immediately in the U.S. development assistance effort, but, to be a reality, it must permeate all dimensions of U.S. relations with the developing world. It must also become a more important factor in U.S. relations with the other developed nations.

The Commission's concern for the hungry of the world is matched by its corresponding commitment to meet the human needs of those who still remain malnourished in the United States. The efforts already made to assure food for all Americans must now move from a reliance on welfare assistance to the firm establishment of a just economy, in which all citizens will be able to earn enough money to buy the food they need.

Throughout its deliberations, the Commission has recognized the difficulty of generating interest in world hunger at a time when U.S. public attention is riveted on the more visible issues of inflation and energy supply. The Commission recognizes that the problems of energy, food and income are closely related. They share similar roots and reinforce one another -- for better or for worse. The Commission believes that failure to assure adequate world food supplies would have graver and deeper implications for the international community in the years ahead than even current energy or inflation concerns.

Consequently, the Commission has approached the preparation of its Report in a broad political and action-oriented framework. From the outset, it has been

clear to us that no strategy for overcoming hunger in the world can succeed without a sustained and wholehearted commitment by the developing nations themselves. However, because our Commission is an American body appointed by the President of the United States, we have focused on the opportunity, responsibility and special capabilities of the United States in the international drive against hunger. The Commission has not tried to address all facets of world hunger because it believes that many of its technical aspects are already under constant and competent study. Rather, the Commission has spent considerable time defining the "world hunger problem" correctly so that the right questions could be asked. We have not been preoccupied with "coming up with new answers" but have sought to present the "right" answers and a workable strategy for implementing them.

As a result, the Commission is recommending both short-term actions for alleviating the immediate problems of hunger and longer-range measures to overcome the poverty and inequity which permit hunger to endure in a world that grows food in abundance. Until poverty and inequity are replaced by sustained and self-reliant development undertaken by men and women who are in charge of their own future, there will never be a real hope of eliminating hunger.

The broad-based plan of action recommended by the Commission calls for a major reordering of U.S. national priorities. For such a marked shift in established policies and practices to occur, public support must be mobilized. The American public is only dimly aware of what America as well as other nations could gain if people in all nations could afford to feed themselves. A successful effort to end hunger will require long-term economic and political support, and this support can only exist if the American public understands the realities of world hunger. To obtain such understanding will require a nationwide, long-term education effort to develop public awareness and marshal support to conquer hunger, both in this country and other nations.

The Commission is convinced that if decisions and actions well within the capability of nations and people working together were implemented, it would be possible to eliminate the worst aspects of hunger and malnutrition by the year 2000. Such an undertaking would contribute immensely to global peace and security, to the welfare of the human family, and to the national interests of all countries.

NOTE: Additional prefatory comments by Commissioners Chapin, Gilman, Leahy and Nolan appear in Appendix C.

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SECTION I

THE ROLE OF THE UNITED STATES: CHALLENGES AND OPPORTUNITIES

SECTION I

THE ROLE OF THE UNITED STATES: CHALLENGES AND OPPORTUNITIES

WHY SHOULD THE UNITED STATES BE CONCERNED?

The major recommendation of the Presidential Commission on World Hunger is that the United States make the elimination of hunger the primary focus of its relations with the developing world -- with all that implies for U.S. policy toward development assistance, trade, foreign investment and foreign affairs. In the Commission's view, there are significant reasons for the United States to place the elimination of hunger at the top of its list of global concerns.

Moral Obligation and Responsibility

Moral obligation alone would justify giving highest priority to the task of overcoming hunger. Even now, millions of human beings live on the edge of starvation -- in conditions of subhuman poverty that, if we think about them at all, must fill us with shame and horror. We see this now most poignantly in famine conditions, but it is a fact of life every day for half a billion people. At least one out of every eight men, women and children on earth suffers malnutrition severe enough to shorten life, stunt physical growth, and dull mental ability.

Whether one speaks of human rights or basic human needs, the right to food is the most basic of all. Unless that right is first fulfilled, the protection of other human rights becomes a mockery for those who must spend all their energy merely to maintain life itself. The correct moral and ethical position on hunger is beyond debate. The major world's religions and philosophical systems share two universal values: respect for human dignity and a sense of social justice. Hunger is the ultimate affront to both. Unless all governments begin now to act upon their rhetorical commitments to ending hunger, the principle that human life is sacred, which forms the very underpinnings of human society, will gradually but relentlessly erode. By concentrating its international efforts on the elimination of hunger, the United States would provide the strongest possible demonstration of its renewed dedication to the cause of human rights.

Moral obligation includes responsibility. In the Commission's view, the United States has a special capability and hence a special responsibility to lead the campaign against world hunger. The United States is by far the most powerful member of the world's increasingly interdependent food system. It harvests more than half the grain that crosses international borders. Its corporations dominate world grain trade. Its grain reserves are the largest on earth. Because of its agricultural productivity, its advanced food technology, and its market power, the United States inevitably exerts a major influence on all aspects of the international food system.

Global interdependence in food means that two straight years of bad harvests in any of the major grain-producing nations of the world could precipitate another global food crisis like the one that occurred in 1972-74. Recurrent crises of this nature could bring widespread famine and political disorder to the developing countries and would severely disrupt a fragile world economy already weakened by energy shortages and rampant inflation. U.S. policies will have a major role in determining whether or not this scenario will be played out.

American policies and resources also hold the key to solving that continuing world food crisis embodied in the swelling ranks of the chronically malnourished. To these hungry millions, it makes no difference whether such policies are made by choice or inertia, by acts of commission or acts of omission. In view of the undeniable influence that this nation's actions will have on world hunger, the Commission urges immediate yet careful long-range planning to assure that U.S. policy truly helps rather than harms the world's hungry people. Delay will only make the same ends more difficult and expensive to accomplish, and will not lift reponsibility from the United States.

The Commission does not mean to imply that the United States alone can solve the world hunger problem. All nations, including those of the developing world, must make the conquest of hunger a common cause. However, the Commission is persuaded that unless the United States plays a major role by increasing its own commitment and action toward this goal, no effective and comprehensive global program to combat hunger is likely to be undertaken in the foreseeable future. Moreover, once its own commitment is clear, the United States will be in a particularly strong position to encourage others to do more. The Commission believes that the United States is uniquely situated to influence the fate of millions who do not get enough to eat.

National Security

The Commission believes that promoting economic development in general, and overcoming hunger in particular, are tasks far more critical to the U.S. national security than most policymakers acknowledge or even believe. Since the advent of nuclear weapons most Americans have been conditioned to equate national security with the strength of strategic military forces. The Commission considers this prevailing belief to be a simplistic illusion. Armed might represents merely the physical aspect of national security. Military force is

ultimately useless in the absence of the global security that only coordinated international progress toward social justice can bring.*

Progress with stability has always been the basic goal of U.S. foreign policy. As relations between the industrialized and developing nations deteriorate and as political, economic, resource and environmental challenges to the present order steadily mount, the Commission is firmly convinced that a major worldwide effort to conquer hunger and poverty, far from being a gesture of charity to be offered or withheld according to temporary political whims, holds the key to both global and national security.

The most potentially explosive force in the world today is the frustrated desire of poor people to attain a decent standard of living. The anger, despair and often hatred that result represent real and persistent threats to international order. The developing nations now actively involved in international affairs are resolutely determined to move into the modern world and secure its benefits for themselves. But as the aspirations and expectations of the developing world grow, poverty within it remains prevalent and conspicuous--with hunger as its quintessential symptom. As a result, hunger has been internationalized and turned into a continuing global political issue, transformed from a low-profile moral imperative into a divisive and disruptive factor in international relations. Mutual suspicion and hostility between the "North" and the "South" have been visible, corrosive and counterproductive in international conferences or negotiations convened during the 1970s to address global problems.

Neither the cost to national security of allowing malnutrition to spread nor the gain to be derived by a genuine effort to resolve the problem can be predicted or measured in any precise, mathematical way. Nor can monetary value be placed on avoiding the chaos that will ensue unless the United States and the rest of the world begin to develop a common institutional framework for meeting such other critical global threats as the growing scarcity of fossil fuels and other

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* Commissioner Stockwell: "I believe a central and fundamental test of our nation's commitment to the elimination of hunger is whether our leadership will take bold steps consonant with this paragraph. I deeply regret that during the life of this Commission we have seen considerable evidence of the opposite: substantial increases in our military budget at the expense of commitment to the poor at home and abroad, military support of repressive governments that grossly violate the basic human rights and needs of their peoples, and the threat to take military action to defend our presumed national security in areas of the world where I see no vital interest worthy of protection at the rise of nuclear conflagration. This Commission's report in effect proposes a major turn-around by our nation from the reliance on military power (a "simplisitc illusion" the report says) to a magnanimous and statesmanlike commitment to the poor and oppressed of the world. I hope we will not fail to do so." (Also endorsed by Commissioners Chapin, Leahy, Nolan and Simmons.)

non-renewable resources, environmental hazards, pollution of the seas, and international terrorism. Calculable or not, however, this combination of problems now threatens the national security of all countries just as surely as advancing armies or nuclear arsenals.

The Commission believes that stimulating an effective, cooperative campaign against world hunger would help the United States to break the impasse in "North-South" relations. For the foreseeable future, the United States is less likely than most other countries to suffer directly from a world food crisis. Despite--or perhaps because of--this fact, a concerted effort to eliminate hunger would enable the American people to demonstrate their solidarity with "the poorest of the poor," and, at the same time, to contribute significantly toward raising living standards for poor people throughout the world.

It is the Commission's view that hunger constitutes the central strand in the web of underdevelopment--poverty, powerlessness, low productivity, lack of education, unemployment, disease, and high rates of population growth. Malnutrition cripples the abilities of disadvantaged populations to help themselves, by preventing large numbers of citizens from working to capacity or performing effectively in school. But the reverse is also true: helping people acquire the means and skills for producing or purchasing their own food will necessarily require progress along the entire spectrum of development needs: creating more jobs in both rural and urban areas, improving basic health, and evolving higher degrees of social organization and political participation.

As both symptom and source of underdevelopment, then, hunger presents an appropriate and badly needed focus for America's relations with the developing nations. The Commission believes that efforts stemming from this new focus would engender increasing cooperation by the developing nations in addressing the rest of the global agenda.

Economic Interest

The Commission also finds compelling economic reasons for the United States to focus on the elimination of hunger. The United States can maintain its own economic vitality only within a healthy international economy whose overall strength will increase as each of its component parts becomes more productive, more equitable and more internationally competitive. To sustain a healthy global economy, the purchasing power of today's poor people must rise substantially, in order to set in motion that mutually reinforcing exchange of goods, services and commodities which provides the foundation for viable economic partnership and growth.

The international food system is one important component of the international economic order. The United States depends on world markets to maintain its own strong farm economy: American farmers export two-thirds of their wheat, about half their rice and soybeans, and about a quarter of their corn and other coarse grains. Although farm output makes up only 3 percent of the nation's Gross

National Product (GNP), it provides 20-25 percent of the exports ($32 billion in 1979) that are so essential to the U.S. balance of payments position.

It is important to note that the United States will continue to benefit from export sales of agricultural products as the developing nations step up their own food production. Rising agricultural productivity will form the foundation for Third World economic growth--and for the continually rising demand for American farm products this growth is bound to create. Even assuming the most ambitious increases in local production of cereals, fats and oils, the food import needs of the developing nations will continue to rise dramatically. Higher economic growth in the developing nations has already spurred enormous increases in the consumption of both imported and locally produced food. Third World imports of food from the United States rose from $2 billion to almost $10 billion during the past decade.

However, there are also limits to how much food the United States itself can produce. Since World War II, the world has become accustomed to relying on the United States to serve as a cushion when food was needed anywhere around the globe. The United States had two kinds of excess capacity: grain surpluses, and arable land deliberately taken out of production to stabilize domestic farm prices. Both forms of excess capacity are now sharply reduced. Consequently, although the United States is still "the breadbasket of the world," providing over half of all the grain imported by other nations, North America can no longer be expected to keep on generating agricultural surpluses for the world.

Some dislocations will no doubt occur within the U.S. economy as Third World nations accelerate the development of their own agriculture and industry, since by actively promoting the process of economic development abroad, the United States is helping other nations to become more competitive with domestic manufacturers and producers. Most affected will be those industries which depend on skills that can be duplicated more cheaply elsewhere in the world, or U.S. export markets for goods which can be made or produced by former customers. The U.S. Government must anticipate and cushion these changes through trade adjustment and other programs on both the local and national level.

In long-range terms, significant efforts to improve the international economy as a whole, and measures to increase food production within the developing nations in particular, will benefit American consumers and producers alike. If higher productivity is not achieved in the developing nations, both they and the United States will pay the price in rising food costs and uncertain supplies. Recurrent disruptions in global food supply, on the scale of the 1972-74 food crisis, would cause further havoc within the international economy. Consequently all nations, including the United States, share a strong economic interest in assuring larger and more stable world food supplies.

HOW SHOULD THE UNITED STATES ACT IN LIGHT OF ITS CONCERN?

Overcoming World Hunger By Helping to Promote Self-Reliant Development

In the most immediate sense, of course, hunger can be eliminated by providing the needy with food. The Commission is convinced, however, that the long-term hope of eliminating hunger lies with prevention rather than with cure. Emergency relief programs, for example, are no substitute for the less dramatic, longer-term efforts required to make developing nations less vulnerable to catastrophe in the first place by transforming their agricultural production. Nutrition intervention and targeted feeding programs are no substitute for policies and actions that help people provide fully for their own nutritional needs.

In practice, the attainment of this goal for most countries would mean the optimal degree of domestic food production supplemented by adequate imports from other nations. Total self-sufficiency in food is seldom feasible, sensible or necessary. Few nations, developed or developing, are so favorably endowed that they can choose to remain outside the international food system. Each nation can, however, develop the political, economic and agricultural foundations to meet the basic needs of its own population. In asking the United States to make

the elimination of hunger the primary focus of its dealings with the developing world, the Commission is not advocating that the United States should feed the world, but rather that the United States should help the world feed itself.

Broadening the United States Government's Response to World Hunger

Current United States Government policies do not reflect America's moral, economic and national security interests in ending world hunger nor this country's genuine concern for hungry people. Although one can argue that the United States gave more than its fair share of Official Development Assistance (ODA) from the end of World War II through the late 1950s, U.S. contributions have fallen off sharply since then as a percentage of GNP. The United States now ranks behind 12 other donor nations in this respect and would rank even lower if security supporting assistance, which is only incidentally for development, were not included in the U.S. totals. Moreover, compared to most other donors, the United States gives a lower percentage of its aid in the form of outright grants, and more in the form of debt-bearing loans.

The low priority accorded to the hunger problem is even more evident in U.S. policies and programs other than development assistance, which influence the possibilities for overcoming world hunger through self-reliant development. Development assistance flows will never amount to more than a tiny fraction of all U.S. economic interactions with Third World nations. In the long run, patterns of U.S. trade and private foreign investment, U.S. participation in

international organizations, U.S. foreign policy, and domestic agricultural policies and programs are likely to have a much greater impact on hungry people than development assistance.

Mobilizing Public Support

A broad-based plan of action to eliminate hunger cannot be carried out without a major reordering of this country's national priorities. American concern for the hungry must spread to all spheres of Government activity if it is to obtain major results.

For such a marked shift in established practices and premises to occur, public support must be mobilized. The American public now is only dimly aware of what this country as well as others would stand to gain if people in countries which today receive foreign aid, could feed themselves, within dynamic, equitable and self-reliant domestic economies. Such a world would be characterized by a far greater degree of equity among and within nations than is apparent today. While few would oppose improving the lives of impoverished human beings, the benefits for those who are already affluent are less evident; indeed, at first sight the well-off may seem more apt to lose than to gain.

The costs and benefits of overcoming poverty and hunger are difficult to compare in conventional ways. The costs tend to be felt sooner than benefits are received. The Commission affirms its view that the long-term self-interest of the United States is linked to the fate of poor and hungry people throughout the world, that the very spirit of America is its national commitment to justice, equity and human dignity. Only in a world freed from hunger will the human community achieve the state of equality and brotherhood it dreams of now. A campaign to overcome world hunger in which the United States plays a major role would serve as a focus for the idealism and generosity of those millions of Americans who seek a national purpose that transcends material success.

It is doubtful, however, that moral factors alone can hold popular attention, or command the long-term economic and political support required to sustain such a campaign. A major reordering of this nation's priorities is necessarily involved, and that process itself must begin with nationwide efforts to educate the public about the realities of world hunger. Despite high food prices the average American still takes food abundance for granted. The majority of Americans have never known hunger. Only a small fraction of the population is now engaged in agriculture; urban, middle-class Americans associate their food supplies with supermarkets rather than with seeds and soil. Moreover, opinion polls conducted by the Commission reveal widespread public overestimation of the level of U.S. participation in current efforts to combat world hunger and promote economic development.

The governments of Canada, Great Britain, Denmark, Norway, Sweden and the Netherlands all support public education programs on Third World problems; and these education programs get results. The U.S. Executive Branch, however, is

forbidden to use public funds to promote its programs among the public but it has been encouraged and funded to involve the public in deliberations of major issues such as public safety and environmental protection.

Private voluntary organizations experienced in hunger issues and programs devote most of their limited budgets to urgently needed direct-service, development and feeding programs. They are constantly engaged in raising the money to develop or conduct these operational programs, and can allocate little of it to educational efforts not connected to fund-raising.

The Commission believes that the Federal Government must now initiate a nationwide, long-term educational effort, if the requisite public understanding and support are to be marshalled to conquer world hunger. Such an effort should include resources sufficient to implement continuing and effective public education concerning the role of the United States in a hungry world.

CONCLUSION

There are compelling moral, economic and national security reasons for the United States Government to make the elimination of hunger the central focus of its relations with the developing world. However, neither current U.S. policies nor prevailing public attitudes demonstrate an accurate understanding of the problem's scope, urgency, or relevance to America's own national well-being.

Cast as the dominant actor within the world's food system, the United States has a unique opportunity and responsibility to exercise its power for the common good. Such purposeful use of U.S. power would also focus and shape the idealism and generosity that is so indigenous to the American spirit.

What is needed to assure that the United States plays its proper major role in the worldwide campaign against hunger is a major reordering of national priorities. Additional resources must be mobilized, public understanding and support must be marshalled, and the Government must organize itself in ways that will enhance the U.S. ability to address this critical issue.

The Commission is convinced that the best hope of eliminating hunger lies in persuading other nations as well to make that objective a top national priority, and in promoting a substantial increase in resources that flow from the affluent nations to the developing world.

> Social justice is not simply an abstract ideal. It is a sensible way of making life more livable for everyone. Thus, for the developed nations to do more to assist the developing countries is not merely the right thing to do, it is also increasingly the economically advantageous to do.
>
> Robert McNamara
> President, World Bank
> May 22, 1979

NOTE: Additional views on this section by Commissioners Chapin, Gilman, Leahy, and Nolan appear in Appendix C.

SECTION II

THE PROBLEM OF WORLD HUNGER

CHAPTER 1

THE NATURE AND EXTENT OF WORLD HUNGER TODAY

No image more effectively conjures a Malthusian nightmare among the well-fed majority than does that of the gaunt faces of the starving. Yet famine, however horrid and however photogenic, is in every case a localized disaster whose impact can be warded off, sometimes entirely, by effective national and international planning.

The horror of recent famines and the jolt of tripling grain prices have diverted attention from the most basic and widespread food problem of all: the chonic undernutrition suffered by the world's poor. Undernutrition is an invisible crisis, a daily tragedy that deprives hundreds of millions of the right to realize their genetic potential--their birthright.

The list of factors linked to undernutrition fills many pages, but each factor is in some sense a manifestation of poverty. The persistence of widespread undernutrition in a world that produces ample food for all can only be construed as a measure of the global social order's failure to satisfy basic human needs.

Erik Eckholm
Frank Record
Worldwatch Paper 9
December 1976

What does "hunger" really mean? The first image that comes to mind is an emaciated adult huddled with spindly children in a refugee camp or set against a background of fields parched by drought. This is famine, a lack of food caused by localized disasters such as bad weather or political strife, which cut people

off from their usual food supplies. If the victims of famine do not receive food from outside sources in time, they will starve to death.

Massive famines have struck periodically throughout history. Millions of Americans are descended from immigrants who fled the Irish Potato Famine of 1846. An estimated 9 to 13 million Chinese starved to death during the famine of 1876-79. Fortunately, widespread starvation due to natural causes has been relatively rare during the past 35 years, thanks to improved national and international capabilities for mobilizing emergency assistance in time of need. For example, the 1972-74 drought in sub-Saharan Africa's Sahel region might have claimed many more lives than it did, had it not been for rapid and generous international assistance.

Food shortages and famine caused by political conflict have proved harder to overcome, as in the Nigerian Civil War of 1967-70, the Indo-Pakistani Conflict of 1971-72 and, more recently, in Cambodia and Nicaragua. In such cases, governments often seek to give soldiers rather than civilians first claim on emergency food supplies -- or even to deny that the country has a hunger problem at all. Even so, acute international concern and improved emergency relief mechanisms have done much to reduce the scale of starvation caused by civil strife as well as natural disaster.

Yet tragic and newsworthy as these events are, the major world hunger problem today is not famine or starvation, but the less dramatic one of chronic undernutrition. Chronic undernutrition results when people consume fewer calories and less protein than their bodies require to lead active, healthy lives. Often, undernutrition is a seasonal problem, corresponding to the rhythms of the agricultural year and fluctuating food prices.

Although chronic or repeated shortages of calories may regularly receive less attention by the news media than outright starvation, they take a far greater toll in human lives. The Food and Agriculture Organization of the United Nations (FAO) estimates that as of 1975 approximately 450 million people were eating less than their minimum energy needs required. Using a different methodology, the World Bank estimates that more than one billion people--one quarter of the human race--suffer from chronic undernutrition. The wide variation in these estimates should not obscure the tragic reality that every day of their lives hundreds of millions of people do not get enough to eat. Regardless of the figure, the decisions required to overcome hunger will be the same.

But undernutrition is not the only form of malnutrition. Nutritional deficiencies are sometimes found even in otherwise well-nourished people, as well as in those who are generally malnourished. An imbalance of essential vitamins and minerals, for example, are commonplace in the developing world. The most prevalent variety is iron-deficiency anemia, which saps energy and reduces muscular work capacity. Another form, Vitamin A deficiency, blinds 100,000 children every year.

Malnutrition can also mean overnutrition: an excess of food and nutrients, especially fats, sugar, salt, cholesterol and alcohol. Cardiovascular and other diseases associated with overnutrition now account for about one-half of all deaths in the industrialized countries, hitting the poor as well as the affluent. Although the Commission views overnutrition and its attendant health problems as serious indeed, it has deliberately refrained from giving this issue consideration, in accord with its mandate to focus primary attention on problems associated with hunger.

Permanent or seasonal undernutrition and malnutrition are extremely damaging to both individuals and nations. They lead to high rates of infant mortality and increased vulnerability to common infectious diseases. There is also strong evidence that undernutrition hinders motivation, concentration, and learning abilities, especially in children, as well as the capacity to perform tasks requiring stamina and physical strength. Nations can hardly be expected to attain their own development goals if large numbers of their citizens do not reach their full physical and mental potential.

More than three-quarters of the world's inadequately nourished people live on the Indian subcontinent, in Southeast Asia and in sub-Saharan Africa. Many also live in parts of Latin America and the Middle East, and pockets of the poorly nourished persist in the United States and other rich countries as well. Children under five make up over half of the world's malnourished population, and significantly more women are affected than men.

Despite its magnitude, its moral aspects and its high social and economic costs, world hunger seldom captures widespread public attention except in times of catastrophe or dire emergency. The ongoing, less manageable day-to-day food crisis of hundreds of millions of chronically malnourished people receives little or no publicity.

Though it causes severe and possibly irreversible physical and mental damage, chronic undernutrition works invisibly -- one reason, no doubt, for the lack of active public interest in the problem. Shortage of calories or protein is rarely the direct cause of death. Rather, undernutrition kills indirectly, by increasing the victim's vulnerability to infectious diseases (especially of the gastrointestinal and respiratory type). Many deaths attributed to these diseases are really the work of malnutrition.

Another barrier to active public concern is the utter inability of large abstract numbers to convey the human significance of hunger. It is easier to identify with 200 refugees fleeing Vietnam in a boat or 1000 people in a Cambodian refugee camp than with millions of faceless, weak and hungry people scattered throughout the developing world.

Finally, chronic undernutrition and malnutrition are also largely ignored because their victims have little or no political power, and even less economic strength. Although their plight contributes to political instability, hungry people -- especially when they are women and very young children -- do not actively or immediately threaten the political establishment. Their powerlessness in turn helps to perpetuate their hunger. This aspect of the problem is one illustration that hunger poses a political, economic and social challenge.

The challenge of overcoming hunger should not be compared to putting a man on the moon, a technical feat which could be accomplished by a decade of crash efforts. The warning issued by the President's Science Advisory Committee in its 1967 Report on the World Food Situation, is just as relevant today:

> The eventual alleviation of world hunger will require many long-range programs of hard work which offer no promises of quick and dramatic results.

This Report will demonstrate, however, that the worst aspects of hunger and malnutrition can be overcome even before more far-reaching development programs have become fully effective. Short-term measures to alleviate malnutrition now if undertaken in connection with longer-range efforts to counteract the underlying causes of hunger, can reduce the burden of immediate suffering while simultaneously laying a foundation for the health and productivity of future generations. Nothing less will be enough.

THE ARITHMETIC OF POVERTY -- by Appadura (India)

Decide mother,
who goes without.
Is it Rama, the strongest
or Baca, the weakest
who may not need it much longer
or perhaps Sita?
Who may be expendable.

Decide, mother,
kill a part
of yourself
as you resolve the dilemma.

Decide, mother
decide. . .
and hate.

CHAPTER 2

THE CAUSES OF HUNGER

Under the economic, political, and social systems at present operating, the world's people are divided into two groups; those with access to its resources, and those without access. Those with access to existing resources--the rich--can afford to invest heavily in the production of greater wealth, so they get richer. The poor have very little to invest; their productivity consequently remains low, and they remain poor. Worse still, the market laws of supply and demand mean that the wealth of the few diverts the world's resources--including the labour of others--from meeting the real but ineffective demand of the poor into satisfying the luxury desires of the rich. Land and labour are used to cultivate grapes instead of grain; palaces are built instead of houses for the workers and peasants.

President Julius Nyerere
Tanzania
July 1979

INTRODUCTION

Poverty is the basic cause of hunger today. Most of the world's malnourished people have neither the land to grow their own food nor the money to buy it -- even in the years when local bumper crops are harvested, total world production is high, and storage bins are filled to overflowing. According to the World Bank, approximately 800 million people in the non-Socialist developing world live in such absolute poverty that they cannot provide themselves with even a minimally adequate diet. This massive poverty explains the paradox that even

doubling food production next year on present patterns would not materially change the status of the great majority who are hungry and malnourished today.

Another important cause of hunger is the instability of food supplies which results when poor harvests, political turmoil or natural disasters disrupt food supply systems, thus compounding the effects of poverty upon malnourished people. When shocks to local or international food supplies push the price of food higher than normal, many who could barely afford adequate supplies in normal times are forced into hunger. A setback of a few percentage points in world wheat production can force millions in the developing world into starvation. The extent to which a disruption of food supplies causes increased hunger is one measure of a nation's capacity for self-reliance. And such self-reliance is, in turn, a matter of integrated national development.

Finally, these two causes of hunger -- poverty and food insecurity -- interact with or are themselves caused by a number of subsidiary factors. Population growth strains the resources of human societies. Low per capita productivity undercuts incomes and investment. Inequitable political systems do not use their available resources for the common good.

Analyzing the causes of hunger inevitably entails a certain amount of courage, since the roots of hunger are set deep into the ground of existing social, economic and political relationships. However, a full and honest analysis is a prerequisite for eradicating both the symptoms and sources of hunger.

THE CONDITIONS OF POVERTY

Poverty and malnutrition are usually accompanied by other unsatisfactory living conditions, such as poor health, illiteracy, unemployment, large families and crowded housing, contaminated drinking water and open sewage ditches. All of these factors perpetuate and worsen the effects of malnutrition. The elimination of this syndrome of poverty is necessary to overcome the long-term problem of hunger.

How can each household grow enough food or earn enough money to feed itself adequately? The solution to this economic riddle rests upon accurately appraising and determinedly attacking the sources of hunger. Since the gap between income and expenses determines the severity of poverty and hunger, the most important task is to close that gap through policies that enable individuals and families to become self-supporting.

Throughout most of the developing world, the vast majority of poor people still live in rural areas. However, the poverty and hopelessness of rural life is compelling growing numbers of desperate men and women to migrate to cities. It is estimated that by the year 2000 the developing countries will have some 40 cities with populations above 5 million, compared with only 12 cities of that size in the industrialized world. Due to this rapid urbanization, poverty problems in the cities will soon rival those in the countryside.

Although city life may allow better access to schools, medical services, safe drinking water and even relatively inexpensive food supplies, there are far too few jobs to go around. Millions of recent migrants to the cities will never be able to support themselves unless enough new jobs are created quickly. But the developing nations have to meet a demanding schedule. Whereas urbanization took centuries in the now-industrialized countries, permitting a gradual evolution of economic, social and political institutions, it is occurring far more swiftly in the developing countries, against a background of higher population growth, lower incomes and diminishing natural resources.

While the developing nations themselves must take the most decisive economic and political actions needed to attain equitable economic growth and nutritional security, the success of their efforts will be strongly conditioned by an international economic order which they did not create, but which affects them in important ways. This international order reflects and is shaped primarily by the needs of the major industrialized countries. In trading relationships the industrialized countries largely determine the price for the manufactured goods the developing nations import, and for most of the basic commodities they export -- oil being the obvious exception. As donors of foreign assistance, the industrialized nations, rather than Third World recipients, determine the amount and conditions of that aid.

The decision-making power on international economic issues still remains heavily weighted against the developing countries, which are penalized for having begun the development process late in the game, well after their predecessors had established ground rules that do not favor newcomers. The developing world's appeals for a "new international economic order" amount to a request that these rules now be adjusted to accommodate the needs of the poor nations.

The persistence of poverty has often been supported by the belief that "this is the way things have been and are meant to be." This view is embodied in local traditions, religious convictions, and political ideologies which buttress class and ethnic privileges. The struggle to end poverty must begin by challenging the fatalism it has inspired.

Inequitable Distribution of Resources and Income

Even within the limits imposed by the low national incomes of the developing countries, there is usually much that can be done to reduce the worst forms of poverty. Brazil and Taiwan, for example, have roughly the same national per capita incomes, yet, in proportion to their populations, Brazil has three times as many people living in absolute poverty as Taiwan. The difference is that the national income of Taiwan is distributed more evenly than Brazil's. In most developing nations, income is highly concentrated. In Senegal, Peru and Turkey, for example, the poorest 40 percent of the population receives less than 10 percent of the national income. Such wide gaps between rich and poor are rooted in the inequitable distribution of income-producing assets, such as farmland, cattle, education and jobs.

The patterns of land ownership in developing countries exemplify the complex mixture of political, social and economic conditions that perpetuate poverty. In many areas, a few wealthy landlords own huge tracts of land, while a great majority of peasants own tiny plots or none at all. In Latin America, for example, one-tenth of the farmers own 90 percent of the farmland, and more than 60 percent of the rural poor are landless altogether. Worldwide, more than 100 million agricultural workers have little or no land of their own. Unequal access to land, along with water, credit, and other requirements for successful farming, is one of the major causes of poverty and hunger throughout the developing world.

In densely populated countries like Bangladesh, however, there are so many rural workers that land ownership for all, of even small plots of land, would be highly inefficient or simply unfeasible. Further, in most such poor nations, there are too few labor-intensive industries in the rural areas to provide off-farm employment and income for the huge landless workforce.

The concentration of income and assets in most developing nations is frequently encouraged by government policies. For example, subsidized loans are often available only to large-scale farmers, who are then able to mechanize their own production, which allows them to gain a competitive edge over small producers, and eliminates jobs for farmworkers in the process. Moreover, public investments in education, health, sanitation and housing often reinforce existing income disparities --either by overlooking the needs of the rural population or by deliberately benefitting the more affluent.

In this context, the traditional economic development strategies pursued by many developing nations have tended to increase the concentration of assets rather than creating a more egalitarian distribution. In the two decades following World War II, it was generally assumed that heavy investment in industry would boost Gross National Product (GNP)--and that dynamic economic development would inevitably follow. Such strategies emphasized the goal of aggregate national growth, trusting that the benefits would gradually "trickle down" to the very poor. While some Third World economies have grown impressively over the past 25 years, due largely to this development strategy, the distribution of of benefits often intensified the original inequity in the concentration of income and assets.

Although the main responsibility for the income distribution patterns that characterize the developing world must fall on the developing nations themselves, the industrialized countries, too, have played a role. In some cases, expert advisors from the richer nations have helped to promote development models which overlooked the need for equitable distribution. In other cases trade restrictions against the labor-intensive goods produced in poorer countries have limited employment opportunities in those countries. Further, military, political and economic benefits extended to some developing countries have reinforced existing inequities.

Low Productivity

Low productivity is one of the most characteristic aspects of an underdeveloped economy. Worker for worker, acre for acre, the poor countries on the average produce far less than the industrialized nations. And because a nation's productivity determines the size of the income "pie" to be divided among its citizens, the growth rate of productivity in developing countries is a critical element in the effort to reduce world poverty. According to an estimate recently prepared by World Bank analysts, an increase of one percent in the average developing world economic growth rate, sustained until the end of this century, could remove 170 million people from the rolls of the absolute poor.

Productivity in developing countries is held down by a number of factors, many of them political or economic, and others essentially technical. These factors include the failure of some governments to invest in the education and health of the workforce, the unequal distribution of productive assets, especially farmland, the absence of effective incentives, and the use of rudimentary, low-technology equipment. Correcting these factors is an expensive proposition, requiring large-scale investments that many of the poorest countries find difficult to finance. Moreover, the introduction of new, labor-saving equipment can create unemployment unless new jobs are created or other sectors of the economy grow fast enough to absorb the displaced workers. It does little good to improve the productivity of a few, selected workers at the cost of creating joblessness and poverty among others.

Low agricultural productivity is an especially important cause of poverty and hunger in the least developed or "food priority" countries. A rough idea of the difference between such countries and industrialized nations can be gained from comparisons of output per hectare and per worker. In the developing countries, where 92 percent of the world's rice is grown, average yields per hectare barely exceed 1.5 tons per year. By contrast, in the developed nations, rice yields average 5.5 tons per hectare per year. The output of individual agricultural workers in the two sectors differs even more markedly: the average farmworker in the industrialized world is 13 times more productive.

Economic, political, and social factors are often the decisive cause of low agricultural productivity. Farmers in developing countries often lack adequate incentives to take advantage of improved farming methods and technology, because government pricing policies may hold down the prices of food crops, restrict access to credit, and fail to bring agricultural inputs, such as fertilizer, within economic reach of poor farmers. Inequitable land tenure patterns reduce or eliminate any incentive to increase production, since poor farmers often work the holdings of absentee landlords and assume all of the risks but receive only a minority share of any benefits.

Moreover, during the last few years economists and agronomists have found that even new or improved technologies, increased supplies of inputs and appropriate pricing technologies are unable by themselves to promote a desirable rate of increase in agricultural productivity -- especially in the small farm sector of the agricultural economy. Popular participation through rural development organizations is increasingly recognized as a necessary condition for bringing about rapid change in rural societies, and for promoting increased agricultural output in particular. However, development planners from local governments and external assistance agencies alike too often overlook the preferences of grassroots organizations.

Discrimination against women in the rural development process further limits the potential for increased productivity. Women provide over half the agricultural labor in the developing countries. They do much of the planting and cultivating, most of the post-harvest food processing, and virtually all of the cooking. As traders, women often run the rural markets and control a substantial portion of the national distribution and transportation systems. Women are often the sole providers of food for family consumption, yet they are frequently ignored in agricultural extension and training programs, discriminated against in land-holding arrangements, and down-graded in status by technological modernization.

Much land in the Third World has been used in a highly extractive way, for thousands of years, and the supply of plant nutrients has been badly depleted. The lack of adequate systems for irrigation, flood control, and proper drainage on agricultural land presents another major obstacle to self-reliant food production, particularly on the Indian subcontinent, where vast numbers of hungry people live. One important lesson learned in the 1970s was the importance of water and irrigation. Aside from a few important exceptions, such as the cultivation of rainfed wheat in Turkey, soybeans in Brazil, and wheat and soybeans in Argentina, production gains have occurred primarily where farmers have control over water supplies. Consequently, the most rapid progress has been achieved in the relatively more advanced irrigated regions.

Food output is also held down by losses and spoilage incurred at nearly every stage of the production chain by rodent and insect infestations, bacterial decay, and inappropriate methods of food preparation. Conservative estimates indicate that 10 percent of durable crops such as grains and legumes are lost between harvest and consumption. A comparable figure for nongrain staples, such as yams and cassava, and for other perishables, such as fish, would be 20 percent or more.

Despite all the obstacles, though, world food production in the 1970s grew substantially, and especially good performances were turned in by developing countries which benefitted from technological advances in wheat and rice production. Unfortunately, agricultural progress around the world has been very uneven. The rate of growth for food production in Africa, for example, remains disturbingly low. Even in those countries where productivity rose,

the increased food supply did not always reach the poor. In most developing countries, the gap between rich and poor widened, and population growth largely offset potential gains in the per capita availability of food.

Much of the knowledge and technology for producing more food has already been developed and is theoretically available to all. However, systems for delivering that knowledge to those who need it -- through adaptive research, training and extension -- are woefully inadequate. Most developing countries are desperately lacking in the institutions, researchers and teachers needed to adapt or replenish technical knowledge, train new cadres of agricultural experts and cope with recurring local agricultural problems.

Nevertheless, many issues relating to food production still remain unresolved because the necessary knowledge and information have yet to be developed. For example, there is relatively little high-yielding technology presently suitable for many agricultural systems that contain substantial numbers of malnourished people. This is especially true for the hill areas of South Asia, large parts of the world endowed with delicate tropical soils, and vast areas receiving only marginal rainfall.

Agricultural productivity and general economic growth in the developing world are particularly sensitive to international influences. For example, development assistance can contribute significantly to the investment and expertise required for equitable economic growth, while trade earnings can spur efficiency and provide foreign exchange.

Unfortunately, development assistance efforts have often been inadequate or ill-suited to needs of developing nations, and an often unfavorable international trade environment has hindered growth. Unless both the internal and external impediments to economic growth are overcome, the fight against hunger will be unlikely to achieve its goals.*

Population Growth

Excessive population growth, like hunger itself, is both a symptom and result of poverty and powerlessness. Where hunger and poverty prevail, the population growth rate is more likely to increase than to decrease. Under inequitable social and economic conditions, a poor couple's desire for many children is a response to high infant mortality, the need for extra hands to help earn the family's daily bread, and the hope of support in old age. The key to reducing family size is to improve the social conditions which make large families a reasonable option.

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* Commissioners Chapin, Gilman, Leahy and Nolan: "The key issue is removing impediments to equitable economic growth. See next chapter discussion under "Reducing Poverty Through Equitable Economic Growth."

The word "kwashiorkor" -- a West African word for the most serious and often fatal form of protein deprivation -- underscores the link between poverty, high birth rates and malnutrition. The word means literally, "the disease of the deposed baby when the next one is born."

The connection between high population density, high birth rates and malnutrition is perhaps most obvious within an individual family. It is hardly surprising that children in large poor families are particularly vulnerable to malnutrition: the more children there are, the less food there is for each one. Usually, the youngest children are the most severely affected, sometimes because they are discriminated against -- particularly girls -- in the distribution of family food. More important, however, they must live on meager average portions of food during their most nutritionally vulnerable years.

At the national level, population pressures not only limit the per capita availability of food, but also contribute in various ways to problems of malnutrition. For example, the cost of providing basic health services, safe drinking water, housing and education rises in relation to the number of citizens who must be served. If all these services must be financed from the public treasuries of very poor countries, the costs may rapidly become prohibitive. The ability of poor people to meet their own basic needs by raising their incomes is further undercut when rapid population growth outstrips the creation of new employment opportunities. A vicious cycle arises when population pressures, among other factors, force the next generation not only into the cities but also into less crowded rural areas with undesirable land. Efforts by migrants to farm this land without adequate inputs -- such as fertilizer, water or training -- will further undermine the land's long-term productive capacity.

Severe protein-energy malnutrition would be less pervasive if families were smaller, and efforts to overcome hunger would take effect more quickly if aggregate population growth rates were lowered. Unless effective measures are taken to stem population growth now, it will become still more of a problem in the future.

INSECURITY OF FOOD SUPPLIES

Food security means assured access to food. Problems of food security problems can occur on several different levels, and often have many different facets. But food security of any kind is impossible without enough food at the right

time and in the right place, without adequate transportation networks for delivering food within and among nations, and without enough personal or national income to buy imported food when local supplies are inadequate. The reality of global interdependence is vividly illustrated by the way food security in one area can be severely threatened by events halfway around the world.

When local harvests are smaller than anticipated, families who have barely enough to eat in normal times are forced to eat even less than usual. As one writer puts it, "they must tighten their belts even if they have no notches left." Food prices may rise, and the combination of bad weather and higher prices will guarantee that even fewer people are able to produce or buy enough to eat.

When the combination of domestic production and national food stocks is not adequate to meet a country's needs, governments must compensate by importing food from abroad. This is precisely what the developing nations have been doing for many years and their imports have grown steadily. The ability of any country to import enough food to feed its population hinges, however, on the world market prices of grains and other foods, and on the amount of foreign exchange available. And even if food imports are bought and delivered promptly, high food import bills often force developing countries to forego other imports or investments needed to increase their long-term capacity to become more self-reliant in basic food production.*

Despite the severity of earlier food crises and the threat of even more serious ones to come, the international community's existing capabilities for assuring world food security remain highly inadequate. The quota for an international emergency food reserve remains unmet, and no agreement has been reached on the creation of an international price-stabilizing grain reserve to keep food-grain prices from soaring out of reach of poor people in times of short supply. Nor have bilateral food aid programs been modified to provide for extra allocations when a developing country's requirements are particularly great.

National food reserves maintained by developing countries have been and continue to be neglected as a hedge against bad harvests. The United States and India have established national reserve stocks but in many other countries, local storage and distribution facilities must be improved before national reserve stocks can be effectively utilized. This issue of food security is at once a domestic problem for the developing countries and a key challenge for international political cooperation among the major food-exporting and food-deficit nations.

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* Commissioners Chapin, Gilman, Leahy and Nolan: "In addition, the ability of people in developing nations to purchase food depends upon having adequate income to do so."

CONCLUSION

Human self-interests, human judgments, and human actions all lie at the roots of hunger. Each major cause of hunger could be averted or overcome if the human community were to act cooperatively and decisively. Conversely, the persistence of hunger reflects a lack of sufficient political will to eliminate its causes. This political will must first exist in the developing nations themselves. Redistribution of income-producing assets, social investment, and population measures must begin in the poor nations. Effective action often will require a degree of political courage which is rare anywhere in the world, as established interests are challenged and hallowed traditions are undone. The United States and the other industrialized nations must also be prepared to act with courage. The required changes may initially entail significant costs and threaten established relationships. If hunger is indeed to be overcome, there must be a candid appreciation of its causes, a real willingness to work for the common good of all mankind, and an authentic sharing of economic and political power among and within all nations.

CHAPTER 3

PROSPECTS FOR OVERCOMING WORLD HUNGER: THE CHALLENGE AHEAD

INTRODUCTION

The Commission views the elimination of hunger as a dual challenge: to attack the cause and treat the symptoms. The ultimate goal is to build a world without hunger by overcoming the poverty of individuals and nations that permits hunger to endure. The near-term goal is to assure that millions of men, women and children do not suffer from hunger simply because they are poor. Both tasks must be undertaken simultaneously.

The Commission is convinced that lasting solutions to world hunger can only result from rapid, equitable and self-reliant economic growth. The industrialized nations can help to some extent by providing various forms of development assistance. However, equitable economic growth cannot be achieved by development assistance alone -- no matter how generous and effective that assistance might be. Because hunger and poverty are deeply rooted in political and economic relations among and within nations, fundamental changes in patterns of landholding, food production, trade and finance are needed so that the developing countries can break the cycle of hunger, poverty, stagnant agricultural productivity, unemployment, high birth rates and disease.

The structural changes in individual countries and in the international order which are needed to overcome poverty and thereby prevent hunger in the future will not occur overnight. In the interim, measures must be taken to alleviate the hunger of those who still remain poor and nutritionally vulnerable.

At all stages of this process, efforts to attack the interrelated causes of hunger must be carefully integrated. Both the short- term and the long-term efforts must start now and proceed along parallel tracks. Some of the causes of hunger will no doubt prove more intractable than others, some "solutions" will be easier to devise and implement than others, and some nations or institutions

will be able to address various problems more effectively than others. To overcome hunger, then, governments must determine which actors can best attack specific aspects of the problem, and how to orchestrate their combined efforts.

Long-term efforts to build a world without hunger, and immediate steps to make poor people less hungry, are equally essential and can be mutually reinforcing. In particular, the nutrition and health of today's children must be secured, by short-term and carefully targeted measures, if longrange development programs are to achieve the conditions for sustained, self-reliant and equitable economic growth.

The Commission's assessment of the future prospects for overcoming world hunger has led to one conclusion of special relevance for the Commission's work: the outcome of the war on hunger, by the year 2000 and beyond, will not be determined primarily by forces beyond human control but, rather, by decisions and actions well within the capability of nations working individually and together.

BUILDING A WORLD WITHOUT HUNGER: ATTACKING THE CAUSES

The Impacts of Economic Growth on Poverty

Having determined that poverty is the major cause of hunger, the Commission has examined the changes required to eradicate poverty under various conditions and assumptions. Since it is increasingly clear that both the actors and the issues involved have become highly interdependent, our most immediate observation is that today, more than ever, the economic prospects of poor nations and poor people are intimately bound up with the evolution of the international economy as a whole.

Alternative high-growth and low-growth scenarios for the next decades, prepared by the World Bank in 1979 indicate just how sensitive Third World economies are to global economic trends. Both projections are based on the assumption that no major changes will occur in the distribution of income among and within nations.

Under a high-growth scenario, rapid economic growth fuels a strong expansion of world trade, permitting developing countries to export larger quantities of manufactured goods and other commodities. The middle-income countries would benefit most directly from this improved climate for trade. However, high growth in the Western industrialized nations would also make possible (but not, of course, guarantee) the higher levels of Official Development Assistance (ODA) so important for the economic growth of the poorest developing nations with the largest numbers of hungry people.

Even if events follow this highly optimistic but largely "trickle-down" scenario, the Bank estimates that approximately 470 million of the world's people will still be living in absolute poverty in the year 2000 — 340 million

of them in the low-income developing countries, and 130 million in the middle-income nations.

The low-growth scenario presents an even grimmer picture. If the Western industrialized nations recover more slowly from their poor economic performance of the 1970s, the growth of world trade will lag as well--due to higher unemployment, lower profits and a resulting increase in protectionist pressures in the developed countries. In turn, developing countries will be able to export fewer manufactured goods, and employment opportunities and per capita income levels in Third World nations will grow at a slower rate. Further, the industrialized nations are likely to reduce their development assistance--as is happening now.

Should this projection become reality, the Bank estimates that about 710 million of the world's citizens will live in conditions of absolute poverty as the 21st century dawns--520 million in the poorest nations and 190 million in the middle-income countries.

A number of interrelated and ultimately unpredictable factors will govern the general direction of the world economy and the performances of individual developing nations. In addition to the economic health of the industrialized nations, these factors include developments in world trade, private and public capital flows, and energy issues, among others. Although developments in all these areas are subject to considerable uncertainty, the global economy will be significantly affected by deliberate political and economic choices made in national capitals and international forums.

Admittedly, such scenarios are only rough projections of the future. However, they do lead to important conclusions for the Commission's work:

> First, the rate at which the world economy grows during the next 20 years will make a major difference between the possibility of better conditions of life or continuing misery for millions of people.
>
> Second, it is equally clear that even with the highest global growth rate that can be expected, vast numbers of human beings will remain mired in absolute poverty by the year 2000. Assuming that all or nearly all of these extremely poor people will also be hungry, the figures cited indicate that even the most rapid

economic growth that can reasonably be anticipated will not be enough to end hunger by the year 2000.* **

Reducing Poverty Through Equitable Economic Growth

Whatever the rate of global or national economic growth, experience has taught that the ways in which it is achieved -- and especially who benefits from it -- will determine the extent to which that growth reduces the ranks of the poor. Where governments have lacked a strong commitment to greater equity, steadily rising Gross National Products (GNP) have existed side by side with desperate poverty in large sectors of developing societies. Conversely, at any stage of economic development, poverty can be alleviated somewhat through conscientious efforts to assure that the benefits of new growth are shared fully by the poor.

The World Bank's income projections described above were based on the premise, in line with past trends, that about 75 percent of the increase in total national income would flow to the wealthiest 40 percent of society. The Bank's analysis goes on to say that if local governments committed to meeting basic needs managed to reduce this figure even to 60 percent of the increase and the rapid growth course prevailed, the ranks of the absolute poor would be diminished to between 300 and 350 million by the year 2000. Even this modest goal has proven difficult to achieve, however, and fiscal measures (such as tax policies and transfer payments) have seldom made significant inroads on poverty.

Because the "trickle down" strategy and fiscal reforms have so often failed to achieve their objectives, alternative policies for attacking poverty and malnutrition--collectively referred to as the "basic human needs approach"--are now being attempted. They seek to target economic growth by improving per capita incomes and the quality of life for poor people in particular. In most developing nations, this approach requires special attention to the rural poor--for the agricultural sector is increasingly recognized as a critical source of the income, employment and food production required for self-reliant economic development, and as the major locale of absolute poverty in most developing nations.

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* Commissioners Chapin, Leahy and Nolan: "The two conclusions cited above are not important because high and low growth scenarios are not the central issue. Rather, the key to development is equitable economic growth."

** Commissioner Gilman: "The two conclusions cited above are not important because high and low growth scenarios are not the central issue. Rather, the key to development is equitable distribution of the products of economic growth."

Reducing Poverty By Redistributing Income and Assets

Without doubt, it is far easier to promote a more equitable distribution of new growth than it is to reallocate existing income and assets. However, the distribution of a nation's income-producing assets has been shown time and again to have a decisive influence on the character of future economic growth. In fact, those countries that actively promoted an equitable distribution of assets early on in their development efforts demonstrate that distributive measures can be at least as important as economic growth for reducing poverty, and much faster acting. On this basis, Taiwan, South Korea and Yugoslavia, for example, have managed to achieve high economic rates of growth while maintaining the relatively large shares of national income received by the poor.

Historically, the most successful national campaigns against poverty and hunger have involved fundamental, relatively abrupt changes in longstanding economic and political systems. Land and other forms of wealth have been redistributed; new jobs have been created by expanding public services in education, health and agriculture. Sometimes these changes have come about through violent revolution (as in the Soviet Union, China and Cuba), and other times through less drastic reforms (as in South Korea and Taiwan). However, structural change always requires an extraordinary degree of political commitment, since highly complex social, political, and economic problems must be solved. Determined measures are required to meet the basic needs of the poor majority, and sometimes these clash with the individual political freedoms so highly valued in Western democratic political tradition.

Such measures are, of course, the most politically sensitive that most political leaders can take. In many instances they threaten the government's very survival. In other cases, however -- as in Nicaragua most recently -- it is the reluctance to undertake these same reforms that causes governments to fall. At the least, redistributive measures are sure to alienate powerful segments of the society. Therefore, the long-term success of efforts to achieve structural change is largely dependent upon firm unyielding commitment by local political (as well as social, economic and religious) leaders. Political, financial, and technical support from the outside, as well as supportive trade and investment policy, can often strengthen local resolve and help the process of implementation.

Producing Food Enough for Commercial Demand and Nutritional Need

Over 4.2 billion people inhabit the world today, 3 billion of them in the developing countries. World population is growing at the rate of 70-80 million per year, with the developing nations accounting for 86 percent of the increase. These figures mean that by the year 2000 the world's population will total at least 6 billion, and nearly 8 out of 10 people will live in the developing world.

Can all these people be fed? After examining the best available estimates of trends affecting food supply, food demand and nutritional need through the year 2000, the Commission believes the world can produce enough food to feed a

population of this size if it is willing to meet the cost. Admittedly, forecasting the future is risky. Statistical projections have a substantial margin of error, and influential factors like the weather are unpredictable at best. However, the existing forecasts of the world food situation do provide a needed point of departure for judging whether enough food can be produced to eliminate hunger, how long it will take, and how much it will cost.

Projections of Future Food Availability, Commercial Demand, and Nutritional Need

World food production has been rising steadily in recent years. Since the early 1960s, moreover, food production has been increasing faster in the developing than in the developed nations (with the exception of Africa, where per capita food production has actually declined). If past trends continue, global grain production (wheat, rice, corn, barley, sorghum, oats and rye) will increase by approximately 2.7 percent a year. At this rate, by the end of the century, the global grain output will total 2.1 billion metric tons, about 40 percent above the 1978 level. This amount of grain should suffice to meet the projected commercial demand for food, even in the face of unusually high income growth which would raise aggregate consumer demand for more and higher quality food, especially in the form of meat and poultry.

However, these projections for commercial demand for food do not include the additional supplies required to meet the nutritional need of those millions of people who will remain undernourished. Estimates of the world's malnourished population for 1990 vary widely. The Food and Agriculture Organization (FAO) puts the figure at 416 million. These people will still be living outside the market economy, they will possess little or no purchasing power, they will subsist on homegrown food, and they will be unable to translate their nutritional needs into market demand. According to FAO projections for 1990, special feeding programs or food subsidy schemes to feed these people adequately will require 32 million metric tons of grain above and beyond the quantities required to meet commercial demand. (Projections for the year 2000 would be almost uselessly speculative because of the large number of variables involved.)

The additional amount of grain required to feed those who still remain poor by the year 1990 may seem a huge and costly amount. In fact, it is small and relatively inexpensive in relation to the anticipated global supplies. Thirty-two million metric tons would represent no more than 2 percent of total anticipated world grain production. If that amount must be imported by food-deficit countries, however, it represents nearly 20 percent of present world grain trade. The cost of producing this food would be $8 billion per year, at most, and perhaps much less under favorable circumstances. (The $8 billion figure is slightly more than what the United States now spends in a year on its own Food Stamp program or in three weeks on military programs; it is less than the cost of five Trident submarines.)

These forecasts regarding global food supply and demand indicate that for the next two decades at least, there appear to be no major physical barriers to feeding all the world's inhabitants. But for several reasons the outlook for hungry people in poor countries is far less sanguine.

First, this predicted global sufficiency masks the fact that food production in the poorest developing countries is slipping further and further behind commercial demand, let alone nutritional need. Taking the developing nations as a group and considering commercial demand alone, the FAO predicts that grain imports of the developing countries could rise from their 1975 level of 50 million metric tons to about 175 million by the year 2000. Today the developing countries grow 87 percent of their own food; by the end of the century the figure would fall to 74 percent.

Until food production rises substantially within the developing nations, this "food gap" must be met either by food aid (which now amounts to 9-10 million metric tons a year, and declines in quantity as food prices -- and needs -- increase), or by commercial imports. However, the use of foreign exchange to import food diverts scarce resources away from imports required for the longer term development effort. In 1976, for example, the developing countries spent over $10 billion to import food, an amount roughly equal to 70 percent of the total development assistance provided by the industrialized nations in that same year.

Second, while middle-income countries like Brazil, Korea, Taiwan, and the Philippines will probably be able to pay for increased grain imports with higher trade revenues (provided that their foreign exchange earnings are not curtailed by protectionist trade policies of the industrialized nations or severe declines in commodity prices), their ability to buy will make it harder for the least developed to import food at reasonable prices in the years ahead. In effect, the advanced developing countries now combine with the industrialized nations to bid food away from the poorest countries. If this heightened international competition provokes higher food prices, all participants in the world's interdependent food system will be affected, but the poorest people of the poorest countries will, as usual, suffer most of all.*

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* Commissioners Chapin, Gilman, Leahy and Nolan: "The comment about "PROTECTIONIST TRADE POLICIES" is gratuitous. Foreign exchange does not help feed hungry people if export earnings are siphoned off by ruling elites which continue to undermine their nation's food self-reliance by binding their agricultural economies more closely to export cropping."

Required Food Production

If world hunger is to be overcome, unprecedented increases in food production must be achieved in the developing nations themselves, where the need is greatest and current output has the greatest room for further expansion. Significant production increases in the poorest developing countries are technically, ecologically, and economically feasible now (although future production increases may prove much more expensive, if they result primarily from a shift to higher-cost, technologically advanced farming methods).

Not only must more food be produced in these nations, but it must be produced in a fashion that develops self-reliance for individual citizens as well as the nation itself. Fortunately, these are not far-fetched or unattainable goals. On the contrary, there is widespread agreement that the most dire hunger and poverty can be overcome simultaneously, especially in the very poorest countries, through concentrated efforts to help small farmers to become more productive--that is, to grow more food to feed themselves and to sell to others.

Throughout the Third World as a whole, 80 percent of the farms are 12 acres or less, and over half that number are under 2.5 acres. For most of the poor countries, therefore, a "small producer strategy" makes especially good sense. It can at the same time make more food available for all, directly raise food consumption and incomes for millions of poor farm families, and create additional jobs for many landless rural workers. By lifting rural incomes, this development strategy will also indirectly benefit unemployed urban workers. As the domestic market for locally manufactured goods expands, new investment and employment will, in turn, fuel self-sustaining and equitable economic growth within the nation's economy as a whole.

The centrality of agricultural reform in the development process led the 145 governments gathered at the July 1979 World Conference on Agrarian Reform and Rural Development to assert that:

> The goal of agrarian reform and rural development is transformation of rural life and activities in all of their economic, social, cultural, institutional, environmental and human aspects. National objectives and strategies to achieve this transformation should focus on eradication of poverty, including nutritional improvement, and be governed by policies for attaining growth with equity, redistribution of economic and political power, and people's participation. These strategies should include the imposition of ceilings on the size of private holdings, resource mobilization for increased investment, expansion of production and employment, strengthening of the economic base for small farmers, organization of farmers' associations, cooperatives and other groups of the rural poor as

well as state farms, introduction of technical innovations, efficiency in the use of resources through adequate incentives and prices, balanced development of rural and urban areas, and equity and justice in the sharing of productive resources and the benefits of progress.

Rural development along these lines cannot occur, however, without substantially greater investments of financial and human resources in Third World agriculture. The FAO suggests that if the developing countries are collectively to boost their food production by 4 percent annually, investments in crop production and support services (which account for over 90 percent of all investment requirements in the agricultural sector) must grow by 3.5 percent per year. Clearly, the poorest nations will not be able to raise this amount of capital from internal sources and will therefore need more external financing in the form of grants and highly concessional loans. Foreign exchange as a percentage of gross investment will have to double, from around 15 percent to about 30 percent of the total. This would represent an increase from the present level of $4 billion per year in 1975 dollars, to a little over $8 billion annually.

The development of irrigation and water resources will make the largest claim on investment funds in the coming years. Most of this investment will be required in Asia, where irregular water supplies constitute the largest technical obstacle to increasing food production in an area where so many of the world's hungry people live. The social and economic impacts of such investments often depend, however, on their scale and likely beneficiaries. In poor rural areas of the developing world, it is not necessarily large expensive dams that are needed, but dirt ditches built by and for small farmers themselves. Because the investment required for water resource development is so massive, the need for long-range planning and well-coordinated international cooperation cannot be overstated.

Additional investment in support services, such as transportation, storage, marketing, credit and processing will be almost equally important. Increases for irrigation, transport and storage now will have immediate as well as future payoffs, since they help stabilize the domestic supply, improve the distribution of essential food grains, and contribute to longer-term increases in supply. Research, training, education and information delivery systems are also crucial needs that will require still further economic investment in the years ahead.

The Stress on the Environment

If there is to be enough food to feed future generations, major improvements must be made in how the world's precious land and water resources are used. Human beings have been slow to realize that they live within interdependent limited ecosystems which impose long-range constraints on their activity.

For centuries people have been steadily altering the intricate balance of nature that sustains human life. Environmental damage, exacerbated by excessive population growth, eventually leads to economic dislocation, forced migration, lower agricultural productivity, and hunger.

In many developing countries, the struggle to survive often forces poor people to act in ways that seriously threaten their fragile environments. Large areas of cropland are made unproductive by practices such as slash-and-burn cultivation and overgrazing. As agricultural lands are exhausted when population exceeds available land, or when mechanization forces peasants off their own farms, the poor migrate to new land that is usually less fertile and hence likely to deteriorate that much more rapidly.

Arable land is also under a relentless human assault in the developed countries, including the United States. Since 1935, 100 million acres of U.S. cropland have been degraded to the point where they can no longer be cultivated. Not only do modern agricultural techniques such as extensive application of chemical fertilizers bring marginal land into temporary use; some of these can result in soil erosion and lower water tables which create long-range or irreversible constraints to future production. Moreover, every year, millions of acres of marginal land, and a disturbing number of acres of prime farmland, fall prey to non-agricultural projects. Housing developments, highways and shopping centers spring up on land that used to grow food.

Most experts agree that the technology exists to maintain the health of the global environment and food production system. The will to do so is lacking for several reasons, however. Neither government officials nor the public at large feel a sense of urgency about preserving the resource base for food production. Second, the short-term financial cost would be very high, and established interests are often opposed. And third, environmental protection is everyone's business and consequently no one's business. The eventual cost of doing nothing now, however, will be even greater in financial, environmental, and human terms. If adequate food supplies are to be assured for future generations, the long-term productive capacity of the earth's natural resources must receive priority attention by all countries at all stages of development.

Reducing the Rate of Population Growth

In order to lessen the likelihood that increasing population will create intolerable strains on global food supplies, more attention is needed to reducing the motivation for large families by helping the poor to improve their social and economic conditions. At the same time, more resources are also needed to make family planning services available and to develop low-cost, effective means of birth control. Many families in developing countries would like to postpone a first pregnancy and to space births farther apart. According to the World Fertility Survey, about half of all

married women of reproductive age in developing countries want no more children; but only half of these women are able to obtain effective means of contraception. The strong desire of women in developing countries to avoid repeated pregnancies is demonstrated by growing numbers of abortions, which are a frequent cause of death for mother as well as child; contraceptives may be the only effective alternative to abortion.

While wider availability of a full range of better contraceptives could rapidly and substantially cut birth rates, additional efforts will be required to assure that men and women who are motivated to limit family size are also free to do so. Different approaches have worked for different cultures but central to all of them is progress in reducing infant mortality. In addition, most successful approaches have also secured a greater role for women in family and community decisionmaking by improving women's educational and economic opportunities.

Establishing a System of World Food Security

A world without hunger will also require built-in protection against the inevitable fluctuations in yearly output caused by natural or man-made events. Famine can wipe out the food supplies of an entire locality, or raise the price of basic foods beyond the reach of the poor. Creating an effective world food security system is particularly important in view of the belief of many climatologists that the next 20 years will see more and more unstable weather around the world. These anticipated changes in present weather patterns could seriously affect supplies and prices. The more marginal land that major graintrading nations bring into production, the more vulnerable they become to climate and weather, particularly where rainfed agriculture predominates as in the United States. Moreover, because of worldwide dependence on a few sources of food supply, two consecutive bad harvests in any major grain-producing country (such as the United States, the Soviet Union, India or China) could severely strain the international food system. Expanding irrigation capacity can offset the effects of bad or erratic weather in some regions, but in others high costs and lack of suitable technology will require continued dependence on rainfed agriculture.

Bad weather and natural disasters are nothing new. Famines, floods and droughts have been recorded since the dawn of history. Until recently, most of these natural calamities were local disasters with local consequences. Today, however, a dry spell in the Soviet Union can mean food scarcity in Bangladesh, as the Soviets bid up the price of grain. Global interdependence means that food production problems, as well as food supplies, are shared by all nations of the world. Since only about 10 percent of total grain output enters world trade, a decline of 5 percent in global production can radically change the international supply-demand equation. Without alternative sources of food, even minor disruptions can cause a drastic climb in world prices, as occurred in the mid-1970s. A key way to prevent the hunger that higher prices will cause among the poor is to establish grain reserves which can be put on the market in periods of

scarcity to redress the demand-supply situation and keep prices at reasonable levels.

For two decades the United States Government had very large holdings of surplus grain as a by-product of its efforts to support the incomes of American farmers. The newly created farmer-held grain reserves represent important progress toward world food security, but are probably insufficient to deal with a major international crisis. As the World Food Conference recommended, an international grain reserve system should be established, contributed to and financed by the major grain-importing and exporting nations which have the most at stake and the greatest capacity to handle the technically difficult storage programs required. The reserve should be managed by an appropriate international body.

Financial arrangements to insure food imports also deserve increasing attention as another means of assuring food security. Several international food insurance schemes have been proposed recently, all offering some combination of cash or credit, as well as food, to nations suffering food deficits. While such systems are not capable of dealing with a world food crisis, in the absence of international reserves, they can assist individual nations who are attempting to cope with immediate production shortfalls. These plans are designed to take into account a nation's total food import requirements, in terms of production and price levels. The International Food Policy Research Institute (IFPRI), the World Bank, and the International Monetary Fund (IMF) are all currently working on such schemes.

ALLEVIATING HUNGER UNDER CONDITIONS OF ONTINUED POVERTY AND UNDERDEVELOPMENT: TREATING THE SYMPTOMS

Assuring That People Who Are Poor Need Not Be Hungry as Well

Equitable economic growth which increases the per capita incomes of the poor will have far more lasting and widespread effects on a nation's nutritional status than limited welfare programs or specific nutrition interventions. However, calories and income supplements can be provided more rapidly in the immediate future than new jobs can be created. (This is still the case in the United States--where food stamps and welfare programs take the place of employment for far too many of the nation's citizens.)

A number of large-scale consumer food subsidy programs and ration programs are now being tried, and others have been proposed, as a means of directly increasing food consumption by the poor. These programs often use a combination of locally produced food, commercially imported supplies and food aid. Such programs have been effective in a few countries, although the drain on the public treasury can be very high, administrative difficulties are usually severe, and there is a serious danger of undercutting prices that local farmers should receive for their own harvests. However, the food stamp approach--now accepted

within the United States--enables needy people to buy additional food while stimulating rather than depressing demand for local supplies, with the added advantage of not injecting the government directly into the food distribution process. Some of the financial costs in poor countries can also be defrayed by donors who supply grain on concessional terms as food aid in conjunction with these programs (as long as such aid does not depress local farm prices).

Food subsidy programs seem to represent the best path for providing massive temporary aid for hungry people in or near urban areas. (Because there is still relatively little practical experience with programs of this nature, however, the World Food Council is arranging a world-wide exchange of information on such programs currently in operation.)

Public works and targeted feeding programs can also play an important role in improving the food consumption of the poor, especially in rural areas. They can be particularly effective in sustaining nutritional levels during seasonal food shortages which make chronic malnutrition a temporary but recurring problem for the rural poor. Experience indicates, however, that the extent to which such projects are able to achieve their goals depends heavily on local political and social conditions.

Finally, efforts to increase the efficiency of food distribution and marketing systems can help assure that poor people will have adequate food supplies at the right times, in the right places, and at prices they can afford. Badly needed are measures to reduce post-harvest and processing losses, to stabilize food supplies and prices, and to control the marketing of products which may undermine the nutrition of impoverished people. Generally speaking, any steps which increase the cost-efficiency of bringing food from the farm to the table can directly improve the nutritional levels of poor people in urban and rural areas alike.

Assuring That Malnutrition Will Not Impair the Lives of the Next Generation

Malnutrition takes its greatest toll among infants and very young children. When malnutrition sets in during the earliest stages of life, it sometimes kills and nearly always sharply decreases the quality of life. Because the most critical period of the life cycle begins with conception and continues through the first three years, nutrition programs targeted at pregnant and nursing women and preschool children can be particularly effective in preventing the most serious malnutrition before it can take hold. Such programs involve a range of basic health services (such as immunization against disease and control of gastrointestinal disorders), as well as measures to encourage breast feeding.

In many developing countries, the introduction of nutritious and sanitary weaning foods, prepared from locally grown products whenever possible, could have an immense impact on infant mortality. Assuring widespread use of such

foods will require some small but essential extra income for the parents, and determined educational efforts to change long-standing child-feeding practices.

It should be noted that this important class of programs to eliminate hunger in the present generation can be carried out without significant increases in food production. The success of such programs depends, rather, on increasing both the purchasing power and the nutritional awareness of poor people.

Eliminating Specific Nutritional Deficiencies

Aside from chronic malnutrition, specific nutritional deficiencies have devastating effects on victims in particular countries and regions as well as in the poorest sectors of many societies. Blindness caused by lack of vitamin A, or diseases such as goitre and anemia, are examples of nutritional deficiencies which can be prevented well before long-term equitable economic development has been achieved.

Providing Disaster Relief

Preventing hunger among victims of natural or man-made disasters is usually a question of politics and logistics rather than food availability or money. Fast transport, efficient administration, and the full cooperation of local authorities can make the difference between effective relief and mass starvation. The present tragic loss of lives in Cambodia illustrates the lack of capacity to deal with famines stemming from primarily political causes, and underscores the necessity to deal with belligerent regimes on behalf of the helpless victims of hunger. In particular, the international community must find a way to enforce existing international legal codes against using starvation as a weapon of war.

The measures described above to overcome hunger -- both to alleviate its worst aspects now, and to prevent it in future generations -- can all be most effective in a given country if they are part of a comprehensive framework provided by a national food plan which is in turn part of a national development plan. In the absence of a systematic approach, isolated efforts to address specific needs are likely to be inadequate for either the short or the long term. The Commission emphasizes the importance of attacking the problem of hunger at its roots, but feels that the claim on current food supplies of those who suffer hunger today cannot be ignored while the world seeks better ways of overcoming the problem in the future. It is our hope that immediate efforts to feed those who are hungry now--particularly if combined with public education in all countries--will focus attention not only on the problem of hunger but on the need for more far-reaching and fundamental change.

CONCLUSION: ENDING HUNGER IS A QUESTION OF CHOICE

The Commission concludes that neither the developing countries, the developed nations nor international institutions have given sufficient priority to ending hunger and malnutrition by addressing its causes. In the developing countries, domestic political problems, national security questions, and industrial development generally have attracted more attention and resources than alleviating poverty or investing in agriculture. In fact, few nations have even made these latter concerns top developmental priorities. The development of remote, backward rural areas has had little political or psychological appeal to civilian or military rulers bent on maintaining their control and modernizing their societies along sophisticated technological and industrial lines. Adopting the priorities of the industrialized world, many Third World leaders have modernized their armies and parts of their cities at the expense of their agriculture, health care and education.

In the developing world as a whole (though conditions within individual nations differ widely) there exists one soldier for every 250 people, but just one doctor for each 3,700. Many developing nations also spend many times as much foreign exchange to import arms as to purchase equipment to help meet long-range development needs. In short, though all Third World nations desire to "modernize", few have displayed the national commitment and adopted the policies and programs that would lead directly to increased food production, better distribution, income-generating employment, and dissemination of the fruits of development to the poorest--and hungriest-- individuals within their nations.

The United States and other developed nations, too, have placed a very low priority on alleviating world hunger. Since World War II, the industrialized countries have been preoccupied with East-West tensions and sustaining domestic economic growth. These primary concerns have largely determined both the nature and extent of the West's involvement with the developing world. With national security and anti-Communism as paramount concerns, more money has always been available for military assistance, arms transfers and the training of military personnel than for educating teachers, scientists, economists, farmers and health care specialists. And agricultural development, though always a high priority of the foreign aid donors, tended to become lost in the larger set of concerns, consequently achieving only uneven and limited success. The hard reality is that the overwhelming majority of the world's hungry people live in countries which have been of limited significance to world grain markets and to Western geopolitical concerns.

Recently, both developed and developing countries have become more concerned about food production, rural development, and the unmet basic needs of impoverished masses of people. But the reordering of priorities has been more

rhetorical than real, if judged by actual budgetary allocations of rich and poor countries. As Robert McNamara, President of the World Bank, has pointed out:

> Public expenditures on weapons research and development now approach $30 billion a year, and mobilize the talents of half a million scientists and engineers throughout the world. That is a greater research effort than is devoted to any other activity on earth, and it consumes more public research money than is spent on the problems of energy, education, and food combined.

No more than three percent of the world's total expenditures on research is allocated to agriculture, and 90 percent of even that tiny amount is devoted primarily to the needs of large-scale commercial agriculture in the northern temperate zones. Research on the production of basic food crops in tropical and semi-tropical areas -- where the majority of hungry people live -- still remains seriously neglected. At the recent U.N. Conference on Science and Technology held in August 1979, a developing-country delegate spoke bitterly of watching the United States send men to the moon while his own people suffered hunger and starvation. American technology has reduced to minutes the time required to deliver bombs across the world, but women in rural areas of Asia and Africa must still walk several hours each day for the family water and fuel supplies.

Following the world food crisis of 1972-74 and the subsequent World Food Conference of 1974, the major donors of foreign assistance, including the United States, did indeed increase the amount of assistance available for food and agriculture. However, while these increases were significant, they came largely from existing development assistance budgets and thus forced cutbacks in other important development programs. Equally serious, the industrialized nations have made little progress in increasing the flow of resources toward the very poorest countries with the most serious food and hunger problems. On the other hand, too few developing nations have themselves initiated those political, economic and social reforms that would enable the most effective use of development assistance.

After looking at the nature, extent and causes of world hunger through the rest of this century, the Commission has reached the following judgments:

--There are no physical or natural reasons why all the men, women and children in the world cannot have enough food to eat. With careful management of the world's natural resource base, it should be possible to maintain the global balance between population and food supply.

--Distressing as the problem of hunger is today, it will become much worse in an increasingly interdependent world, with fewer possibilities for easy adjustment, more people to feed and greater economic and political uncertainties, unless the indifference of many national leaders is replaced by concern and commitment.

--The prospects for eliminating world hunger will depend in large measure on the attainment of greater economic growth and increased food production in the developing countries. However, unless the programs for achieving growth and producing more food are designed specifically to benefit poor and malnourished people in ways that enable them to help themselves, neither hunger nor poverty can be overcome in the foreseeable future.

--In the end, the issue of ending world hunger comes down to a question of political choice--a factor that is no more predictable than the weather, but far more susceptible to human control. The quantities of food and money needed to wipe out hunger are remarkably small in relation to available global resources. The necessary human ingenuity also abounds in all nations of the world, although that quality is too often harnessed to different and often conflicting goals. The Commission agrees with other studies that if the appropriate political choices are made, the world can overcome the worst aspects of hunger and malnutrition by the year 2000. This end can be accomplished through the alleviation of malnutrition in the world of today, in tandem with more fundamental efforts to build a future world in which hunger will be unknown.

IN THE NEXT 60 SECONDS.....

233 babies will be born

- *136 in Asia*
- *39 in Africa*
- *23 in Latin America*
- *35 in the rest of the world*

26 of these 233 will die before age 1.

- *9 in Africa vs. 1 in North America*
- *5 in Latin America vs. 1 in Europe*

34 more will die before age 15

50 to 75 percent of these deaths can be attributed to a combination of malnutrition and infectious diseases.

Many who do survive beyond age 15 will be stunted in growth and will suffer brain damage that can incapacitate them for life.

NOTE: Additional views on this chapter by Commissioners Chapin, Gilman, Leahy and Nolan appear in Appendix C.

SECTION III

UNITED STATES EFFORTS TO IMPROVE THE INTERNATIONAL ECONOMIC SETTING FOR COMBATING HUNGER

UNITED STATES EFFORTS TO IMPROVE THE INTERNATIONAL ECONOMIC SETTING FOR COMBATING HUNGER

INTRODUCTION

The message of the first two sections of this Report is that at least one of every eight people on earth are hungry most of the time; they are hungry because they are poor, and they are poor because they do not have jobs that provide a decent income. Both in the United States and the world at large, hunger will remain a problem until all citizens can afford a minimum adequate diet.

The task of this Commission has been not only to examine the problem of world hunger, but also, to evaluate the remedies now being attempted, and to recommend further actions which might accelerate the process. In this third section of our Report, therefore, we review the spectrum of economic relations between the United States and the developing nations -- first, in order to assess the impact of these relations on the malnourished and, second, to be able to recommend ways in which these economic relationships can be altered to help poor people and poor countries overcome the affliction of hunger.

There are basically two strategies for fighting hunger and poverty: the poor can be supported by the charity and taxes of the better-off, or they can be productively integrated into the world economy, to earn their own way. While welfare-like programs may be necessary on a transitional basis, political and economic realism, social justice, and a respect for human dignity demand a course which promotes equitable development, productive employment, and economic emancipation for the poor. It is important to keep these two alternatives in mind in reading the chapters that follow.

Contrary to many widespread views, hunger and poverty are not just problems to be overcome through more vigorous local initiatives by poor nations. The pace of economic development in general and the alleviation of hunger in particular will depend importantly on far-reaching changes in many aspects of international economic realities as well. International economic relationships involving

trade, debt, finance and investment constitute the basic framework within which poor nations will be able to improve their own standards of living. But national development strategies can fulfill the promise of a world free from hunger only if the international economic environment itself facilitates and sustains that goal.

Because of the importance that this Commission attaches to the ways in which the international economic environment influences global efforts to overcome hunger and poverty, the first chapter in this section addresses U.S. trade relations with the developing world. Trade, after all, is the single most important determinant of a country's economic activity that can be influenced by outside forces. Today, even more than in the past, the majority of the developing countries are experiencing serious trade difficulties. Their price structures have been shattered by increases in the prices of petroleum, food, raw materials, and manufactured goods which they must import. Most developing nations have not been able to develop any off-setting commodity growth. Their economic growth during the past five years has been very limited. They are not considered creditworthy, which means that they are generally excluded from commercial credit markets. Their ability to obtain external investments is low; and they often lack the experience, skills, and managerial capacity to take best advantage of new opportunities. For the developing nations, new international trading arrangements are a pressing priority, and the United States can play a decisive role in the outcome.

International corporations also have a large effect on the development prospects of the poorer nations. These corporations account, even now, for a majority of the products actually exported by those countries, and they represent potential sources of investment capital and managerial skills. Yet, ways must be found to expand the utilization of the resources of these corporations without infringing upon the sovereignty of the host countries or compromising their long-term economic development. The second chapter of this section treats the issue of international corporate investment.

Nations and individuals of all income levels are threatened by possible disruptions in food supply, although, of course, the poor are always most vulnerable of all. War or drought, transportation bottlenecks or shortfalls in fertilizer supply can prevent people in rich and poor countries alike from getting the food they need. The world must build food reserves to insure against such disasters, and it must protect the natural resource base required for sustainable food production. The third chapter of this section discusses the U.S. role in enhancing world food security.

The Commission wishes to emphasize that, although private capital flows are unlikely to have major direct impacts on the economics of the poorest nations for some years to come, trade and investment decisions together with agreements on food security measures must not be allowed to disrupt either the short-term efforts to alleviate hunger nor the longer-term approach to promoting equitable economic development. Conversely, it is to be expected that as individual

nations accelerate their progress toward self-reliant development, trade, private investment and a stable food supply will assume a larger role in the local economy.

The more developed nations -- and the United States, in particular -- must be prepared to accept the moral and economic responsibilities for helping the hungry and the poor. This will require a willingness to reevaluate current policies, both private and public, in light of their impacts on world hunger. It will require new commitments to share our own well-being with those less well off, and it will require adjustment and accommodation to the new economic requirements of world development.

CHAPTER 1

TRADE AND DEBT

INTRODUCTION

No contemporary nation is economically self-sufficient. Each country looks to international commerce to supply the products, finances, and technical abilities that are in short supply at home. The terms under which these resources are obtained can have a major impact upon the struggle against world hunger.

The poor nations have a particularly urgent interest in the character of international commerce. They depend upon imports to provide the industrial products that their own economies cannot yet supply efficiently, and many rely upon imported petroleum for a major portion of their energy requirements. Others purchase foreign raw materials for their young industries and some import food to make up for inadequate local production. These imports are necessarily financed by export earnings, loans and foreign assistance grants. When exports lag too far behind imports, nations have to reduce the use of foreign goods and resources, which often stifles economic growth and deepens poverty. Too often, military expenditures and luxury imports for small elites add to already steep import bills.

The Commission is convinced that efforts to end world hunger will end in frustration unless this nation joins with others to create an international economic environment which supports the goal of balanced, self-reliant development. While development will always be a process which depends primarily upon the determination and resources of the developing nations themselves, trade can accelerate the process by enlarging markets for local products, expanding employment opportunities, introducing new and cheaper sources of outside resources, and stimulating efficiency through more open competition. Trade can do much to foster growth, and economic growth is at the core of any long-term struggle against hunger.

However, before endorsing any trade reforms or policies, the Commission must ask the question which is central to its enquiry: who benefits? In particular, any analysis of trade must ask whether hungry people and poor nations will share equitably in the expected gains from any new policy choices.

On one level, it is possible to respond to this question with confidence. This chapter presents a series of recommendations which the Commission believes will improve the developing nations' trade performance and reduce their indebtedness. While this is not a simple task, it is possible to foretell with some accuracy what the overall earnings effects would be of actions such as import quotas or price stabilization programs. What is far more difficult to assess is the impact that such changes in trade earnings will have on hungry people within the affected nations. Unfortunately, trade can -- and often does -- enrich nations without helping their poorest citizens. The difficult issue of export cropping illustrates this apparent contradiction.

The decision to export agricultural products is usually motivated by the prospect of higher earnings and the need to improve trade income. In taking this step, of course, a nation is diverting agricultural resources -- land, water, fertilizer, labor -- from production for local consumption. If that nation's economic policies reflect a commitment to meeting basic needs of the poor, export cropping can be of general benefit to the country's citizens who can use the improved earnings to upgrade their diet and improve the market for other local producers.

If national policies are not oriented toward equitable economic development, however, measures which increase national trade earnings may simply reinforce and deepen existing inequities. If new trade earnings, for example, are concentrated in the hands of a few rich landowners, the net effect can be more widespread unemployment and hunger, even while national trade earnings are actually rising.

Although the circumstances will vary from product to product, the same difficulty presents itself under almost any proposed trade reform. Trade reforms can increase national earnings, but no U.S. trade policy can guarantee that those earnings will be equitably distributed within the exporting nation. This is an objective more appropriately assigned to other policy areas, such as development assistance. Well-conceived assistance programs, supporting appropriate land reform, education, and health projects, can lead to a more equal sharing of national income by redistributing the assets which produce that income. The United States can also promote equity by continuing to press for international human rights and basic human needs safeguards.

While trade reforms cannot insure equity within the poor nations, their impact on earnings and investment makes them a crucial component of the development process. The United States is particularly well positioned to exert major influence on the shape of the international economic environment. This country plays a central role in the institutions which define the rules of trade and

finance, and is itself a leading trading power. In recent years, two-fifths of U.S. exports have gone to the developing world, including the oil exporters, and a quarter of all developing nation exports were sold in the United States. This preeminent position of the United States gives its policies and practices a decisive impact on the immediate and future trade prospects of the poor nations. In the Commission's view, this influence must be directed towards eliminating the international factors which contribute to world hunger.

For the developing world to benefit fully from trade, ways must be devised to bring export earnings more nearly into line with import costs. Success in this effort will require diversification into new products with stronger markets and arrangements to stabilize earnings from traditional raw materials exports. The willingness of the richer nations to support these initiatives and accommodate themselves to shifts in developing world export patterns will be a major determinant of world economic progress.

Such adjustments will not occur without some discomfort. The United States is already struggling to adjust to sharply increased petroleum costs, and further changes in developing world export patterns will add to the difficulty of that effort. Adjustment will require more than the piecemeal changes that can be managed by individual workers and firms. In the Commission's view, it will require nothing less than the creation and implementation of a national economic development policy for the United States, itself: a policy directed at harmonizing this nation's economic development with changes occurring elsewhere in the world. Stability for the world, and economic progress for both rich and poor, will hinge upon the determination with which we undertake these efforts.

TRADE AND THE DEVELOPING NATIONS

Recent years have witnessed dramatic changes in the structure of the world economy. Many of these changes pose serious threats to the stability and growth prospects of the poor nations. The most striking of these changes, with important ramifications for rich and poor nations alike, has been the rapid increase in the cost of energy. The price of petroleum has increased more than ten-fold since 1972, and there is no reason to believe that prices have reached their peak. The 1979 oil price increase alone will result in an annual loss of real income to the oil-importing developing nations of $10 billion, and exports from those nations will have to be increased by 15 percent merely to offset the effects of these price hikes.

The failure of the non-oil developing world's export earnings to keep up with import costs has contributed importantly to an ever-increasing debt burden, which reached $300 billion at the end of 1979. In some nations, debt service costs alone absorb the major share of trade income.

While the Commission has concentrated on measures to improve developing nations' export performance, it is also appropriate to include a word on their

import policies. Unfortunately, a significant share of those imports have negligible development value. In particular, the developing world is a major importer of expensive military equipment. Between 1968 and 1977, exports of military goods to the developing world grew from $5.9 billion to $13.0 billion (in constant 1976 dollars). While these nations undoubtedly have legitimate security concerns, expenditures of this magnitude constitute a serious drain on resources that could otherwise be devoted to development.

To a considerable extent, the arming of the developing nations is a process which feeds upon itself, and is exacerbated by the strategic and commercial interests of the "superpowers." Currently, the Soviet Union and the United States together account for about two-thirds of the arms exports to the developing countries. These shipments, of course, help the trade balances of the two powers -- at the expense of the poorer nations.*

Thus, in considering the trade relations of the developing nations, it is also important to examine the export strategies of the industrialized countries. U.S. agencies such as the Export-Import Bank routinely finance developing world purchases, and the Commission believes that those sales should be monitored to assure that the general trend of official financing is consistent with overall U.S. development policy.

Earnings from Commodities

Many of the developing world's poorest nations rely upon sales of raw materials for the bulk of their trade income. Indeed, a majority of the non-oil nations derive upwards of 50 percent of their export earnings from such "primary commodities." This continuing dependence upon raw materials imposes serious constraints on national development efforts. Markets for non-oil primary commodities have grown slowly in recent years, purchasing power, on the average, has declined, and prices are often very erratic.

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* Commissioner Stockwell: "I wish to underline that U.S. arms sales throughout the world are a major contradiction to our presumed commitment to human needs and human rights worldwide. These sales do not contribute to peace, to genuine security, nor to conditions favorable to the alleviation of hunger. On the contrary, they exacerbate insecurity and poverty in the world. I wish our Commission might have called more forthrightly for an immediate strict control over, and major reduction of, private or public arms sales by this nation, concommitant with a new commitment to the poor and hungry of the world." (Also endorsed by Commissioners Chapin, Leahy, Nolan and Simmons.)

Dependence on Primary Commodities
(in % of total export earnings, average 1975-77)
Non Oil-exporting Poor Countries

Over 90 per cent	
1. Lesotho*	Wool 90%, Wheat 10%
2. Zimbabwe*	Tobacco 59%, Sugar 18%, Cotton 13%
3. Burundi*	Coffee 94%
4. Botswana*	Beef 54%, Copper 43%
5. Zambia*	Copper 92%
6. Uganda*	Coffee 84%
7. Namibia*	Copper 65%, Lead 14%, Zinc 13%
8. Kiribati[a]*	Phosphate 95%
9. Zaire*	Copper 64%, Coffee 18%
10. Liberia*	Iron Ore 71%, Rubber 12%
11. Mauritania*	Iron Ore 87%
12. Gambia*	Groundnuts 56%, Groundnut Oil 34%
80 to 90 per cent	
1. Malawi	Tobacco 47%, Tea 20%, Sugar 11%
2. Swaziland*	Sugar 62%, Iron Ore 14%
3. Togo*	Phosphate 56%, Cocoa 17%, Coffee 11%
4. Rwanda*	Coffee 68%
5. Guinea-Bissau*	Groundnuts 78%
6. Reunion*	Sugar 82%
7. Ghana*	Cocoa 68%, Timber 11%
8. Guinea*	Bauxite 76%
9. Peru	Copper 19%, Fishmeal 13%, Zinc 13%, Sugar 12%
70 to 80 per cent	
1. Guadeloupe	Bananas 42%, Sugar 37%
2. Guyana	Sugar 38%, Bauxite 30%, Rice 10%
3. Burma	Rice 46%, Timber 20%
4. Equatorial Guinea	Coffee 43%, Cotton 24%
5. Mauritius*	Sugar 73%
6. Ivory Coast	Coffee 33%, Cocoa 19%, Timber 17%
7. Honduras	Bananas 25%, Coffee 22%, Timber 11%
8. Sudan*	Cotton 51%, Groundnuts 18%
9. Belize*	Sugar 65%
10. Sri Lanka*	Tea 51%, Rubber 17%
11. Central African Empire	Coffee 34%, Timber 21%, Cotton 14%
12. Dominican Republic	Sugar 43%, Coffee 13%
13. Ethiopia*	Coffee 56%, Hides/Skins 10%
60 to 70 per cent	
1. Columbia*	Coffee 57%
2. El Salvador*	Coffee 52%, Cotton 10%
3. Fiji*	Sugar 64%
4. Nepal*	Rice 56%
5. Cameroon	Coffee 29%, Cocoa 22%, Timber 10%
6. Chile*	Copper 56%
7. Papua New Guinea	Copper 32%, Coffee 14%
8. Solomon Island	Timber 30%, Copra 29%
9. Nicaragua	Cotton 24%, Coffee 23%
10. Tanzania	Coffee 33%, Cotton 14%
11. Costa Rica	Coffee 29%, Bananas 21%
12. Yemen Arab Republic	Cotton 41%, Coffee 22%
13. Guatemala	Coffee 35%, Sugar 12%, Cotton 10%
14. Mali	Cotton 45%, Groundnuts 10%
15. Philippines	Sugar 19%, Coconut Oil 12%
50 to 60 per cent	
1. Martinique*	Bananas 57%
2. Madagascar	Coffee 46%
3. New Hebrides	Copra 43%
4. Haiti	Coffee 36%, Bauxite 14%
5. Senegal	Groundnut Oil 35%, Phosphate 15%
6. Kenya	Coffee 35%, Tea 13%
7. Thailand	Rice 16%, Sugar 11%
8. Benin	Cotton 29%
9. Morocco	Phosphate 45%
10. Chad	Cotton 46%

* heavily dependent on a single commodity

[a] includes Nauru, Christmas Island, Ocean Island

Source: World Bank, **Commodity Trade and Price Trends, 1979 Edition.**

For some commodities, the effects of these erratic price changes can be counteracted by changes in sales volumes: for example, the price fluctuation index for coffee, shown in the following chart, was 17.0 percent over 1953-72, while the fluctuation index for coffee earnings over the same period was 11.1 percent. When prices went down, more coffee was sold, and income was stabilized. However, for other products (e.g., tin) earnings have varied even more than prices. These variations obviously have implications for developing world incomes, savings, tax revenues, and import capabilities.

Although extreme price fluctuations can disrupt investment and development plans, the long-term impact on earnings is much less certain since price upswings may eventually offset downturns, leaving the average trend of prices essentially unaffected. In fact, some degree of price variation is desirable, since it helps to bring consumption patterns into line with production.

Fluctuations in Prices and Values of UNCTAD Commodities

	Fluctuation Indexes, 1953-1972[a]		
	Market Prices	Value	Deflated Value[b]
		(percentages)	
Core Commodities			
Coffee	17.0	11.1	9.2
Cocoa	23.0	13.4	12.6
Tea	6.2	5.5	6.0
Sugar	33.4	9.2	7.5
Cotton	8.2	9.1	7.9
Rubber	13.2	14.7	14.4
Jute	11.9	12.2	14.1
Sisal	18.0	26.3	28.6
Copper	21.5	17.1	17.5
Tin	7.9	18.8	18.4
Other Commodities			
Wheat	4.7	28.6	31.1
Rice	11.3	12.9	14.8
Bananas	4.3	7.7	7.2
Beef and Veal	20.8	15.4	15.1
Wool	11.4	10.2	12.5
Bauxite	4.7	8.8	10.8
Iron Ore	8.3	10.8	12.3

[a] The fluctuation index is the average over the period of differences between annual observations and calculated trend values (irrespective of sign) expressed as a percentage of the trend value.
[b] Export value deflated by United Nations unit value index for world exports of manufactured goods.
Source: Jere R. Behrman, **International Commodity Agreements: An Evaluation of the UNCTAD Integrated Commodity Program**, Overseas Development Council, 1977.

It is extremely difficult to calculate the long-term earnings effects of price fluctuations, since every estimate includes unverifiable assumptions about the behavior of producers and consumers if prices were somehow to be stabilized. Notwithstanding these difficulties, it is useful to consider the results of one such estimate recently prepared in the University of Pennsylvania's Economics Department, which concluded that holding the prices of eight so-called "core commodities" within specific guidelines (plus or minus 15 percent) would improve developing world earnings by several hundred million dollars annually, much of which would come from the improved sales which result from eliminating price peaks. If such price stability were extended to five additional commodities of special interest to developing countries, their annual earnings would increase by several billion dollars. The study also concludes that price stabilization would save even more each year for the United States and the other industrialized nations by eliminating inflationary upsurges in the prices of essential raw materials.

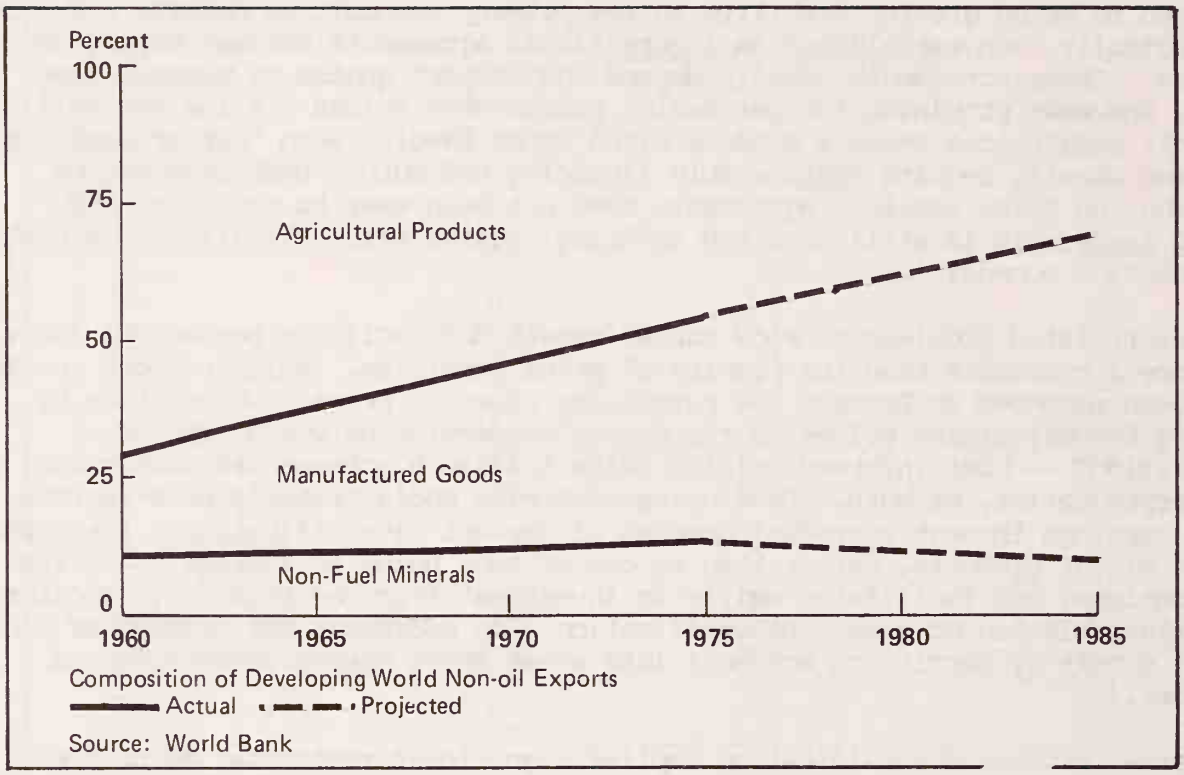
Price instability in commodities can be caused by any of a number of factors which affect supply or demand, including bad growing conditions, political disturbances, transportation bottlenecks, and recessions in the industrialized world. Of course, many of these events are beyond control. However, in spite of the theoretical and political difficulties, a number of strategies have been proposed to bring greater stability to the primary commodities markets and some have actually been established as international agreements between buyers and sellers. These agreements usually depend upon export quotas to control supplies, and make provision for purchasing stocks when prices are low and selling them off when prices reach a predetermined upper level. Such "buffer stocking" programs usually require considerable financing and mutual understanding on stocking and price levels. Agreements have not been easy to negotiate and strong leadership is still required to bring greater price stability to a number of important commodities.

The interrelated problems of slow market growth and declining purchasing power are more intractable than the problem of price stability. While various schemes have been proposed to protect the purchasing power of primary commodities by linking raw materials' prices to the prices of developing world imports -- "indexation" -- most informed opinion holds that such schemes are unworkable, or counterproductive, or both. Developing countries could probably best improve their earnings through a gradual process of product diversification. Dependence upon a mix of products, rather than on one or two, helps to average out price fluctuations, and facilitates shifts in investment from one product to another as markets slacken or grow. Diversification also addresses the problem of slow market growth by permitting movement into areas where market potentials are stronger.

Of course, product diversification implies significant restructuring of the developing nations' economies, and it is by no means certain that they have the resources to accomplish such a transformation on a timely basis, particularly in the face of the industrialized world's growing resistance to the poorer nations' manufactured goods exports. Diversification also requires major capital investments, which the poorest nations often find difficult to finance.

Earnings From Manufactured Goods

In spite of the many difficulties, a number of developing countries have significantly increased their exports of manufactured products. Sales of such goods grew from $8 billion in 1960 to over $64 billion in 1978, and the World Bank has predicted that, by 1990, manufactured goods will make up 68 percent of all developing world non-oil exports.



Increased manufacturing capabilities constitute an important element of many poor nations' economic development. These new industries provide jobs for the landless unemployed and the urban poor, while reducing the need to depend upon export sales of raw materials. Manufactured exports have two distinct advantages over primary commodities: world prices are much more stable for such goods and, historically, the rate at which their sales increase has been about double that of raw materials.

Unfortunately, the international trading system poses many problems for new exporters of manufactured products. Although years of negotiations have recently produced an agreement to gradually reduce import taxes, remaining tariffs on finished and semifinished manufactured products will still be much higher than those on raw materials. Moreover, in the past few years, new and highly discriminatory non-tariff barriers have been set up in many industrialized countries to limit imports of labor-intensive products in which developing countries' lower labor costs give them a competitive edge.

Estimated changes in average most-favored-nation tariffs on products of interest to developing countries [1]

(In per cent)

	Tariff average		Rate of reduction
	Pre-MTN	Post-MTN	
Raw materials	1.1	0.5	60
Semi-manufacturers	4.6	3.3	27
Finished manufacturers	13.6	10.3	24

Source: The Tokyo Round of Multilateral Trade Negotiations, GATT, Geneva, April 1979.
Note: Tariff averages trade weighted.
[1] Products of export interest to developing countries are both those actually exported by them and those on which they requested concessions during the MTN.

Anything which impedes the developing world's attempts to diversify into manufactured goods will significantly compound its trade problems and threaten its economic progress. The declining purchasing power of traditional raw materials exports will eventually force the developing world to reduce its imports or go still further into debt. And, while the developing nations actually consume 90 percent of their manufactured products within their own borders, the major market for their exports is in the industrialized world.

Although the barriers to the developing world's manufactured exports most directly affect the poor countries, they also have a major impact in the industrialized world. In many of the richer nations, workers and investment capital are trapped in low-wage, low-profit industries which are more appropriate to the earlier stages of technology that characterize the developing world. As a consequence, workers in those industries find that their wages cannot keep up with inflation, while consumers pay high prices for goods that could be produced more cheaply elsewhere. In practice, the wages of most American workers are protected by the higher productivity and skill levels that result from enormous historic investments in equipment and education. It is these advantages that make it possible, for example, to sell U.S. chemical products and computers at competitive prices throughout the world.

While the overall competitiveness of U.S. industry is high, there are certain industries that are probably better suited to the labor-intensive environment of the developing world than to this country. These might include textile and clothing manufacturing, footwear, certain consumer electronics, and other

industries requiring large amounts of labor. Adjustment to economic progress in the poorer countries -- and this nation's own self-interest -- suggest that industries which are no longer viable here might be more appropriately located in the developing world.

Although a greater openness to developing country manufactured products would be of overall benefit to the United States and other industrial nations, U.S. workers and firms that are in competing industries can be hurt seriously. Between 1967 and 1977, for example, shoe imports into this country doubled, with South Korea alone accounting for about a quarter of the increase. Over the same period, 50 percent of U.S. footwear manufacturers went out of business and 68,700 jobs were lost. Trade shifts that create this sort of concentrated impact can generate intense political pressures for import protection because they unjustly require a few to pay the costs of reduced prices for the majority. A more equitable policy -- and one that would be more viable politically -- would promote a broader sharing of adjustment costs.

The essence of effective trade adjustment is to bring about an orderly shift of resources from trade-threatened industries to those that are more competitive. Unfortunately, the United States is ill-prepared to meet the challenge of a changing world economy, and the issue of manufactured imports is highly sensitive since it threatens the jobs of Americans in vulnerable industries. The Commission is convinced that there is little to be gained in fostering trade with the poor countries if it comes at the expense of the poorest workers in this country. Increased access to U.S. markets, therefore, must be linked to a greatly improved system of trade adjustment assistance for displaced American workers.

The existing trade adjustment programs were legislated in the 1974 Trade Act and replace programs dating from the 1962 Trade Act. While the current provisions are more effective than those that preceded them, a recent United States Government study indicated that less than one-half of the workers who are qualified to receive benefits actually receive them. Moreover, even among these workers who do receive benefits, the amount of actual job retraining has been negligible. A similar study indicated that only a small fraction of firms eligible for assistance have actually received any aid.

Aside from failing to deliver assistance to those who qualify, the current approach to adjustment is flawed at a much deeper level. Effective trade adjustment demands more than an after-the-fact reaction to unemployment and waning competitiveness: most of all it requires an integrated national development policy that actively stimulates new industries and employment. In the words of the World Bank's 1979 World Development Report, "...adjustment assistance can only be expected to supplement and not substitute for general economic policies that promote rapid growth and high employment, and thus create overall conditions that facilitate adjustment to imports from developing countries."

Recommendations Dealing with Trade Earnings

Given the degree to which some of the poorest developing nations rely upon sales of primary commodities, the Commission is deeply concerned with the conditions of trade in such goods. Especially troubling are the sharp fluctuations in prices and, as a frequent consequence, earnings. Such changes make investment and development planning difficult and risky. Therefore,

> The Commission recommends that the United States support continuing international efforts to create price-stabilizing agreements for those commodities of particular interest to the developing nations. In particular, this country should be prepared to accept an equitable share of the costs of maintaining buffer stocks which might be required by the agreements and should adopt an affirmative attitude towards the producers' price concerns.

Only five of the ten so-called "core commodities" of special interest to the developing countries are covered by agreements between major producer and consumer nations. These are coffee, sugar, tin, cocoa, and rubber. There are no agreements currently for tea, cotton, jute, sisal, and copper. In several cases, even the existing agreements are of doubtful utility to the exporters, because of obsolete safeguards, and early renegotiations are essential. When they are judged to be in the best interests of the developing nations, agreements on commodities not yet covered might most fruitfully be pursued through the Integrated Program for Commodities of the United Nations Conference on Trade and Development.

Currently there are two items of legislation which address the issue of commodity price stabilization. The International Sugar Agreement was recently ratified by the Senate, but enabling legislation is still to be approved by the House of Representatives. The Commission urges swift approval of this important measure. Congress will also soon receive Administration-authored legislation supporting the recently concluded agreement on rubber prices. This initiative also merits Congressional support and approval.

While developing world producers of primary commodities urgently need improved earnings opportunities, in most instances, production of manufactured goods offers the most promising route towards a diversified trade capability and better income. Yet, there is a continuing international discrimination against manufactured goods exports, especially those produced in the developing world.

This discrimination takes two important forms: an international tariff structure which imposes higher import taxes on manufactured goods than on raw materials, and a widespread system of non-tariff restrictions, such as import licensing requirements and quotas, which limit imports of particular products. In the view of this Commission, these trade limiting arrangements seriously undercut progress towards more equitable international economic relationships.

While the elimination of such barriers could be of benefit to all trading nations, it is particularly important to the non-oil developing world, which is striving urgently to improve its export earnings. In most instances, export of manufactured products offers the most promising route to a diversified trade capability and better earnings.

Tariff reduction was one of the major goals of the recently concluded Tokyo Round trade talks, conducted by the eighty-plus member General Agreement on Tariffs and Trade (GATT). The final agreements, reached after more than five years of difficult bargaining, included provisions to phase-in broad tariff reductions over a period of ten years. These reductions will eventually produce real benefits for the developing countries. U.S. support for the Tokyo agreements was confirmed by law, in the Trade Agreements Act of 1979.

Unfortunately, the Tokyo Round did nothing to ease the discrimination against manufactured goods: they will still be taxed at more than twenty times the rate of raw materials (see table on page 61). Moreover, a study prepared by the GATT Secretariat indicates that the developing nations benefited less under the tariff reductions than did the richer, industrialized nations. The cuts on developing world products will average about 25 percent, compared to average worldwide reductions of over 33 percent. The Commission believes that this continuing bias against manufactured products, especially those produced by the developing nations, should be eased as quickly as circumstances permit. Despite the difficulties of reopening GATT negotiations so soon after conclusion of the Tokyo Round, it is certain that GATT, with its diverse developing nation membership, and authority over the conduct of trade, offers the best forum for such discussions. Therefore,

> The Commission recommends that the United States press for an early reopening of multilateral trade negotiations, under the General Agreement on Tariffs and Trade, with a view towards seeking further reductions in tariffs against manufactured goods, especially those labor-intensive products of most interest to the developing nations.

In recent years, the United States, and other industrialized nations, have unilaterally reduced tariffs against certain developing world exports. These actions, referred to as Generalized System of Preferences (GSP), include quantitative limitations designed to avoid an excessively heavy influx of goods and spread the benefits of the Preferences among as many countries as possible. About 2-3 percent of all U.S. imports enter this country duty-free under terms of GSP agreements.

In current practice, GSP benefits are extended unilaterally, by the importing country, and may be withdrawn at any time. The uncertainty produced by the lack of any binding agreement limits the attractiveness of the program to developing nation investors. In addition, the program has served to consolidate the advantages of certain more advanced developing nations, rather than to encourage

new countries to produce for export. Some 70 percent of the goods now imported into the United States under various GSP agreements originate within five governments: Brazil, Taiwan, South Korea, Mexico, and Hong Kong.

The GSP program is also limited by provisions which exclude many products from eligibility, further reducing its utility to the developing nations. In the case of the United States, about 2700 items now qualify for GSP treatment, although a recent Government study indicates that this list could be expanded to about 3000 items, on Executive authority. It is estimated that such an expansion could increase developing nation export earnings by up to $1.5 billion annually.

While the limitations of the GSP program are apparent, it can significantly assist certain well-positioned developing nations to improve their export performance. With some modifications, however, the program could be of greater benefit to a broad range of poor nations. Therefore:

> The Commission recommends that the extension of Generalized System of Preferences privileges be put on a sounder footing by extending such benefits on a fixed-term, multi-year basis; the Commission further recommends that the present list of eligible products be expanded to the maximum extent possible under existing Executive authority.

While tariff barriers are an important obstacle to more open world trade, the developing nations have been hurt more, in recent years, by a variety of non-tariff restrictions. These include controls on government purchases, import licensing, countervailing duties, inflated customs valuations, and the imposition of stringent technical standards. One of the most important achievements of the recently concluded GATT trade talks was the creation of agreements, called "codes," which will limit the use of such restrictions.

Unfortunately, the GATT talks failed to agree on measures to control the use of quantitative limitations affecting developing world exports. Such limitations have been resorted to more frequently by the industrialized nations as the competitive skills of the developing countries improve. The United States, for example, is a party to 18 bilateral agreements placing import ceilings on developing nations' textile products, including those from Haiti and India.

In principle, quantitative restriction agreements are entered into voluntarily by both exporters and importers. In practice, however, the terms are usually dictated by the importing nation, since it always has the option of unilaterally setting limitations at any level it might choose.

From the perspective of a developing nation, quantitative restrictions are often more difficult to deal with than tariff barriers. Because of low labor costs, many developing nations can overcome the discriminatory effects of even fairly steep tariffs, but there is no way a country can escape the impact of an agreement which sets a quantitative limit on the products it ships to its trading partner. In the last few years, the United States has concluded a number of such agreements on quantitative restrictions, covering products

ranging from color television sets to clothespins. In the case of a single product, shoes, the United States negotiated an "orderly marketing agreement" with Taiwan and South Korea which reduced their exports to this country by $145 million in the first year of its application.

Because of the failure to reach a new agreement in the GATT, nations may continue to impose quantitative import limitations if their domestic industries are being hurt by a surge of foreign products. Proposed improvements to those provisions would have required countries to demonstrate that imports are a source of serious damage to their domestic industries before limitations could be imposed, and would have strengthened the dispute settlement and consultative capabilities of the GATT. Since the proposals would have established a more effective means to monitor quantitative restrictions, it is generally believed that they could have reduced the increasing tendency of importers to resort to such measures. Unfortunately, current discussions are deadlocked over the question of whether the new provisions should permit restrictions to be directed against specific countries or should be across-the-board limitations, equally restricting all exporters of a particular product.

Existing quantitative restrictions would not be covered under any new GATT agreements and the only foreseeable means for easing such restrictions would be renegotiation on the part of the importing nations. Since most of these programs are based upon bilateral agreements, the United States can do little to influence those existing between other nations, other than to actively promote a more open international trading climate. However, this country can alter its own programs, and should do so as soon as feasible. In particular, the Multi-Fiber Agreement, covering a number of cloth products of major importance to developing world exporters, is scheduled for renegotiation in the Summer of 1980.

The Commission believes that the unrestrained ability of the importing nations to unilaterally impose quantitative restrictions on developing nations' exports is the single greatest threat to those nations' ability to diversify their exports and improve their trade earnings. Therefore,

> The Commission recommends that the United States take an active role in the continuing General Agreement on Tariffs and Trade negotiations aimed at limiting the conditions under which quantitative restrictions may be imposed against another country's exports; the Commission further recommends that this country move, in upcoming negotiations, to ease any such limitations to which it is a party; finally, the Commission recommends that the Congress and Administration act to forestall domestic pressure for such limitations by extending specially targeted trade adjustment assistance programs to industries and localities particularly hard hit by new influxes of imports.

The Commission recognizes that the burden of adjusting to changing trade patterns is likely to fall heavily upon industries and workers which produce goods of particular interest to the developing nations. The Commission also believes that the weaknesses of present trade adjustment legislation virtually guarantee that U.S. workers and firms in affected industries will increasingly turn to political efforts to win import protection against developing world products unless trade adjustment programs are significantly upgraded. The effects of such protectionist moves would be felt disproportionately by the poorest people in the developing world.

Fortunately, the Congress is now considering legislation which would markedly improve assistance to U.S. workers and firms which can show they have been hurt by imports. The new measure expands coverage to include more of those affected, increases retraining, loan, relocation, and other benefits, and provides a modest capability for industry-wide adjustment planning. The bill, H.R. 1543, has been passed by the House of Representatives and is awaiting Senate action.

The Commission considers this Congressional initiative crucial to the effort to expand developing nation trade opportunities and, therefore,

> The Comission recommends that the Senate speedily approve, and the Administration support, H.R. 1543, the Trade Adjustment Assistance Act of 1979, without weakening amendments. The Commission also recommends that the Congress appropriate the funds necessary for full implementation of the Act and urges the Department of Labor and the various state governments to take those steps necessary to assure prompt and efficient delivery of benefits and services provided for under the Act.

While the Commission endorses the adoption of this new adjustment legislation, it also recognizes the limitations of policies intended merely to respond to the shifts in world trade. True adjustment requires a broader approach: an approach which aims at anticipating changes in the shape of the world economy and at capitalizing upon the strengths and resources of this nation. An approach of this sort, amounting to a U.S. national economic development policy, would strive to promote full employment among American workers and balanced national growth. Such a policy is clearly of decisive significance to the fight against U.S. domestic hunger and a recommendation addressing this issue is contained in Section V.

Resistance to developing world exports can also stem from other concerns. Workers in the United States are often in indirect competition with their counterparts in other nations who may be employed under very different social, economic, and legal standards. These differences, or the perception of such differences, has often led to resistance to imports from the poorer nations, because of the fear that competition with products produced under very different conditions would undermine U.S. price and wage standards.

Worker associations, in both the developing and industrialized nations, have called for the creation of international labor standards to protect certain basic rights, and the U.S. 1974 Trade Act expressed the same concern when it directed the President to "seek adoption of fair labor standards and of public petition and confrontation procedures in the GATT." An interagency working group was formed in the Spring of 1978 to coordinate U.S. efforts, but progress since that time has been slight. Discussion has concentrated on standards concerning the handling of toxic materials, safeguards against the exploitation of child workers, and prohibitions against the use of forced labor.

While it is aware of the difficulties involved in negotiating effective, international labor standards, the Commission strongly supports the principle of such safeguards and wishes to encourage the most determined U.S. efforts in this regard. Therefore,

> The Commission recommends that the United States Trade Representative press for inclusion of a code of minimum labor standards within the framework of the General Agreement on Tariffs and Trade, which would provide an appropriate forum for discussion and resolution of disputes; the Commission further recommends that the International Labor Organization be designated as the fact-finding agency for disputes coming under terms of the code.

A number of codes of conduct already exist under the General Agreement, and its wide membership and trade responsibilities make it the most appropriate body for resolution of disputes. The United States has recently renewed its membership in the International Labor Organization, which has the investigative capabilities required to fulfill the responsibilities indicated in this recommendation.

DEBT AND THE DEVELOPING COUNTRIES

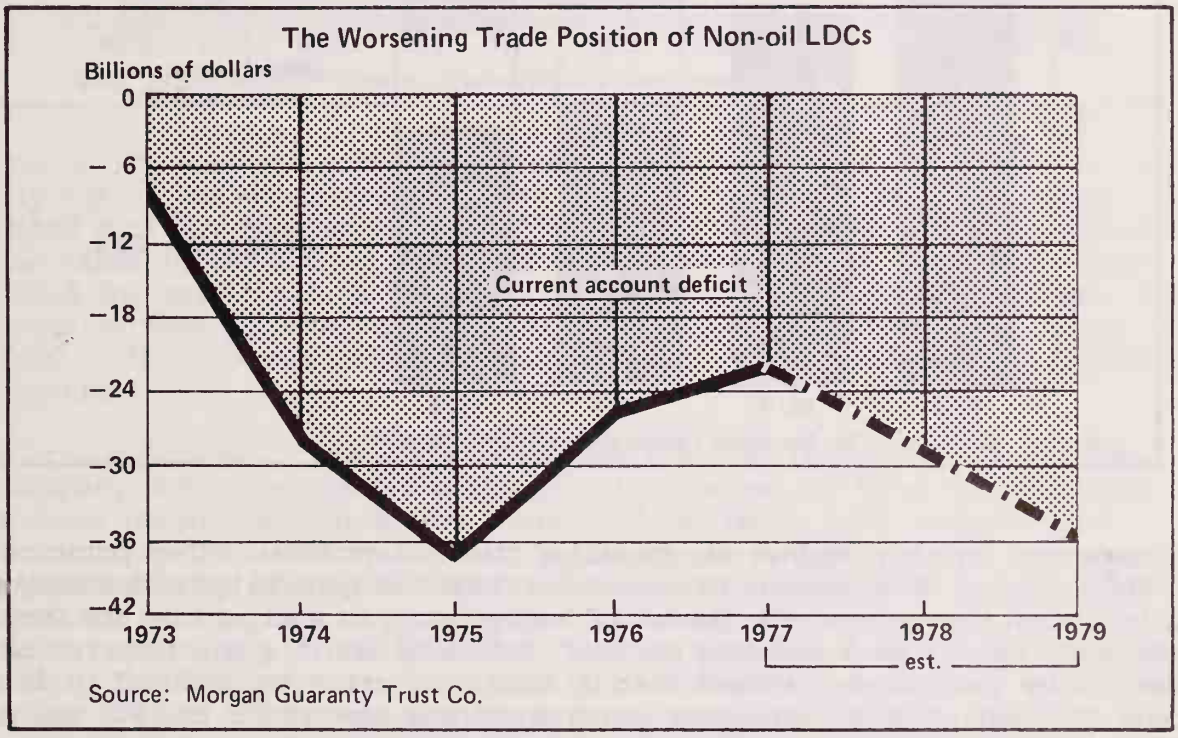
Since 1974, the export earnings of many non-oil developing nations have fallen far behind the rising costs of their imports. Largely as a result of these continuing trade deficits, the poor nations' total external debt reached $300 billion at the end of 1979 -- more than four times the 1973 level. Recent oil price increases and the current world recession are certain to push this debt still higher.

The non-oil developing countries now turn over one of every five dollars of their trade earnings to creditors in the industrialized world. Total debt service costs, which include loan repayments and interest charges, came to about $40 billion in 1979 and may reach $50 billion by the end of 1980.

This large and growing debt seriously impedes poor nations' efforts to deal effectively with hunger and other development problems. Of course, when incurred to finance investment in productive enterprises, debt can be a sign of positive economic activity. It can lead to new jobs and income, and it can lay

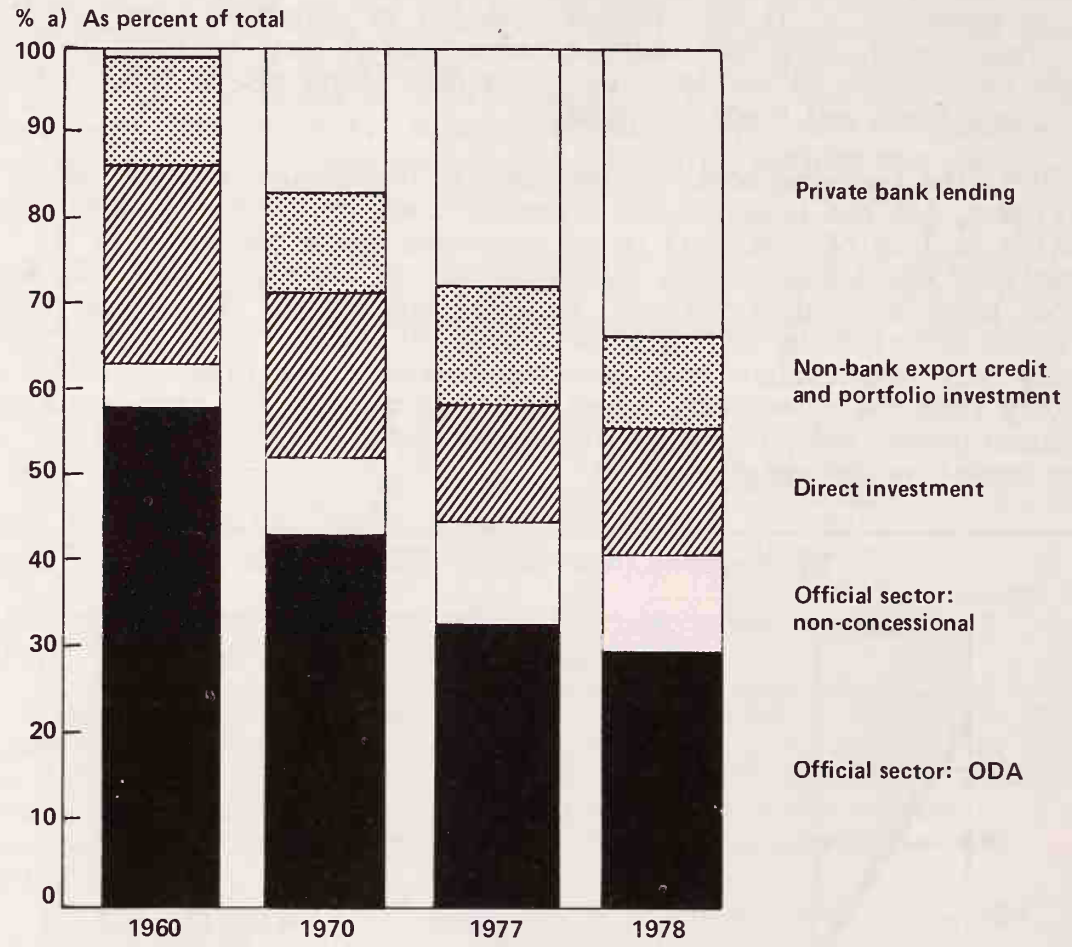
the basis for increased competitiveness and reduced trade deficits. However, to the extent that borrowing simply supports current consumption -- which may, of course, be essential -- it can involve a nation in what some have called a "debt trap." Once snared, many developing nations find it next to impossible to extricate themselves, as service charges on past loans eat up increasingly large shares of new loans and trade earnings.

Before 1974, the carrying costs of the non-oil developing nations' debts took up a significant, but not unmanageable share of trade earnings. However, the combination in 1974 of sharp oil price increases and a recession in the industrialized world forced them into a pattern of borrowing that now seriously undermines their economic progress. By 1975, the non-oil developing nations' import costs had risen by $82 billion over 1970 levels, while export earnings were up by only $50 billion. More than two-thirds of the hike in import costs came purely from the effects of inflation: $27 billion for higher prices on manufactured goods; $20 billion to offset increased oil prices; and $10 billion for more expensive raw materials.



The impact of this inflation, and the increasing import needs of their growing economies, created deep trade deficits in most developing nations. In many instances, they were able to finance these trade deficits by borrowing from the major commercial banks, which were anxious to recycle the large deposits placed with them by the newly rich oil-exporters. The banks were then looking for new borrowers because the recession in the West had severely limited the industrialized world's ability to absorb the available funds. As the following chart shows, between 1960 and 1978, private bank lending to the developing countries -- which went mostly to the more advanced developing nations -- grew from less than 2 percent of total flows to over 30 percent.

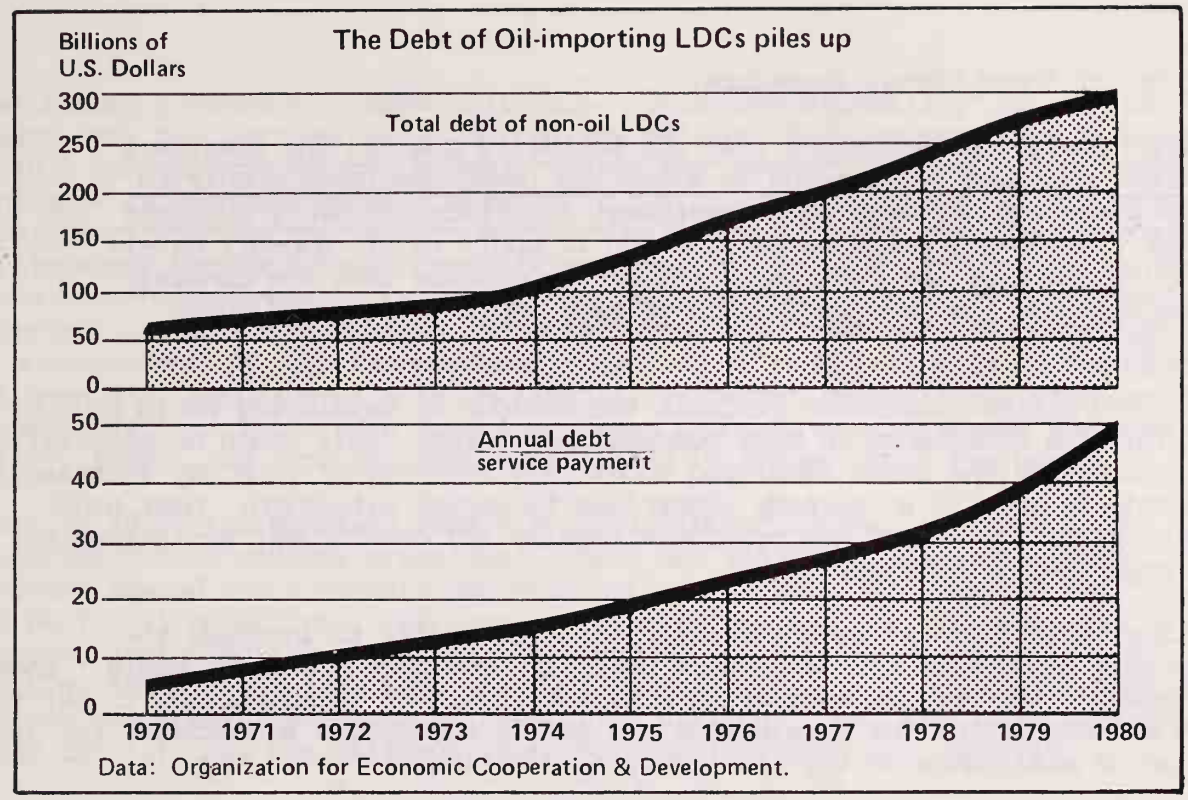
Long-term Changes in the Structure of Developing Countries' Total Net External Financial Receipts 1960-1978



Source: Organization for Economic Cooperation and Development

Some observers caution against exaggerating the debt problem. They point out that the ratio of debt service to export earnings has generally held steady and that inflation has reduced the burden of repayment. An analysis by the Overseas Development Council of developing nations' "official debt" (that incurred or guaranteed by governments) showed that by 1976, inflation had reduced by 40 percent the real value of repayment costs for loans made prior to 1973 and due for repayment by the end of 1982. The somewhat improved balance of payments situation enjoyed by the non-oil developing nations during 1976 and 1977 also allowed them to negotiate better terms on much of their debt to private banks.

Although these favorable developments have somewhat eased the strain of servicing current debts, it remains true, in many cases, that a too high proportion of trade earnings are supporting existing loans rather than being invested in new productive facilities. Moreover, so long as the industrialized world continues in its current recession, the poor nations' trade balances will be unfavorably affected, raising new threats of instability and default in the international monetary system.



Because of its dominant position in the world economy, the United States can greatly assist the developing nations' efforts to ease their debt burdens. As indicated earlier, the Commission believes that the most decisive initiatives must be taken in the area of trade policy. Trade deficits, after all, have generated the major part of the developing nations' current indebtedness. While we recognize that such reforms will require real courage and determination in the face of this country's own economic difficulties, we continue to regard them as essential.

There are, of course, other important steps that the United States can take. For example, the United States could greatly improve the financial positions of the poorest nations by converting their official debts into resources for development, as permitted under Section 124 of the International Development and Food Assistance Act of 1978. This provision authorizes the President, after a case-by-case evaluation, to permit the "relatively least developed countries" to use funds owed to the United States to finance mutually agreed-upon development programs. The Commission believes that this authority, which now limits debt conversion to the thirty-odd poorest nations, could be usefully extended to other, non-oil developing countries. The case-by-case approval procedure specified in the law, and the requirements for supporting Congressional appropriations, could be used to concentrate the benefits of this program in those countries where governments are attentive to the basic human needs of their poorest citizens.

Unfortunately, although Congress has authorized $18 million for the purposes of this legislation, the money has not yet been appropriated. This inaction denies the Administration a potentially effective instrument to promote concern for hunger among developing world governments and delays debt relief for some of the poorest nations.

In light of these facts, therefore,

> The Commission recommends that the authority granted the President under existing legislation to allow the least developed countries to place amounts owed this Government into local currency accounts for development purposes be extended to apply to all non-oil developing nations; the Commission further recommends that the Congress appropriate the necessary funds to make implementation of these possible.

The United States could also restrain the buildup of developing world debt by providing its assistance on more concessional terms. This would be especially appropriate for the least developed countries, for many of whom any increase in indebtedness adds to an already precarious financial situation. Most other industrial-nation donors now provide virtually all development assistance to such countries as outright grants.

Existing legislation gives the President the authority to increase the percentage of development assistance which is provided on a grant basis. Under the terms of the Foreign Assistance Act, the President is authorized to set the terms and conditions for development aid and is encouraged to maximize the grant portion of assistance to the least developed nations.

Unfortunately, in spite of the Foreign Assistance Act's explicit mandate, Congress routinely limits the President's actual authority by stipulating a minimum amount to be provided on a loan basis. In the Commission's view, this constraint should be eliminated promptly. While efficient use of resources may sometimes dictate the use of loans rather than grants, the Administration should be given the discretion to increase the grant portion to the maximum level consistent with optimizing the development impact of our foreign assistance. Therefore,

> The Commission recommends that the Congress eliminate restrictions which limit the President's authority to provide development assistance to the "relatively least developed" nations on a grant basis; the Commission further recommends that the President use existing legislative authority to increase the proportion of aid provided as grants, consistent with maximizing the development impact of available resources.

U.S. participation in the International Monetary Fund provides still another avenue for assisting impoverished developing countries. The Fund is the chief international organization charged with aiding nations with balance of payments problems: in effect, the Fund functions as an intergovernmental credit union which lends to member nations from resources that have been deposited by other members.

When making a loan above a predetermined level, the customary practice of the Fund is to establish conditions which the prospective borrower must agree to

meet before financing is made available. This "conditionality" is intended to insure that the borrower will improve its balance of trade situation and, thus, be in a position to repay the loan. While the goal of redressing the trade imbalance is endorsed by most observers, there is a widespread belief among development experts that the impact of the Fund's policies is felt disproportionately by the borrowing countries' poorest citizens. Historically, Fund loans have been linked to wage controls, elimination of subsidies on basic foodstuffs, and other cutbacks in social spending. Fund policies can also lead to unemployment in import-dependent industries if credit-tightening measures cut off essential supplies of foreign inputs. In recent years, the austere economic adjustments associated with Fund loans have provoked social unrest and riots in Turkey, Egypt, and Peru and have contributed to hunger among the poor.

Early in 1979, the Monetary Fund's Executive Board adopted new guidelines governing future lending practices. These new standards allow repayments to be extended beyond the customary one-year period and take into account the "social and political objectives, the economic priorities, and the circumstances of members, including the causes of their balance of payments problems." In adopting these new guidelines, the Fund has considerably improved its ability to address the special problems of developing nations. The Commission endorses these initiatives, but believes that additional reforms are required.

Congress is currently considering a Bill (H.R. 5970) which would authorize a U.S. contribution to the Fund of over $5 billion. The Chairman of the House Banking Committee has suggested an amendment to this bill which seeks to establish basic human needs safeguards for the poorest people in the borrowing nations. The Chairman's amendment, similar to one adopted in connection with another contribution in 1978, directs the U.S. representative to the Fund to press for an evaluation and public disclosure of the effects that conditionality agreements have on "jobs, investments, real per capita income, the gap in wealth between the rich and the poor, and social programs such as health, housing and education." The amendment would further require the U.S. representative to the Fund to "oppose and vote against" Fund actions that are counter to the interests of the borrowing nations' poor citizens.

In recent years, the Fund has often been charged with establishing terms for loans which do not reflect the special circumstances of the developing nations. While the Fund's recent reforms partially address this problem, safeguards for the basic human needs of the developing world's poor remain inadequate. Therefore,

> The Commission recommends that the Congress, in connection with the bill to increase the U.S. quota in the International Monetary Fund, adopt provisions instructing the U.S. representative to the Fund to use his/her influence and authority to safeguard the basic human needs of the poorest people in the borrowing nations. In particular, the Commission supports the amendment to that effect which has been offered by the Chairman of the House Banking Committee.

The United States can greatly aid the developing nations in their efforts to cope with rapidly mounting external debts. The conditions of international

trade, which produced most of the current debt, must be the principal focus of reform. Yet, the shorter-term measures described here can also deliver significant assistance to many countries, particularly the poorest. It is important to undertake these steps, which would come at small cost to this country, as early as possible.

CONCLUSIONS

The Commission recognizes that it will not be a simple task to move the world economy towards a system of mutually beneficial economic relationships. Indeed, it is particularly difficult to meet this objective in a period when Americans are already affected by energy shortages, inflation, threats of recession, and other economic problems.

The continuing sluggishness of the U.S. economy, and the increased abilities of the developing countries to compete with certain labor-intensive domestic industries, will inevitably produce pressures for import protection. But tighter trade policies have a long-term depressive effect on the U.S. economy and risk exporting a U.S. recession to the poorer countries, where it may have a devastating effect.

A conscious policy of economic adjustment is the key to creating a more healthy American economy and to improving U.S. ability to contribute towards the development of the poorer countries. The stabilization of commodity prices and the opening of U.S. markets to developing world products will, in the long run, benefit both producers and consumers. This nation must insure, however, that the costs and benefits of adjustment are shared fairly by all of its citizens. Successful adjustment will require creative leadership and the effective participation of the entire nation. It is a demanding task, but the Commission is convinced that this nation is equal to the challenge.

NOTE: Additional views on this chapter by Commissioners Chapin, Gilman, Leahy and Nolan appear in Appendix C.

CHAPTER 2

CORPORATE INVOLVEMENT

INTRODUCTION

American involvement with food systems abroad has encompassed a wide spectrum of activities in both the public and private sectors. Out of the successes and failures that have occurred, has come a better understanding of the benefits and limitations of each. Perhaps the most important conclusions are that each group has a valuable role to play; that the issue is not generally public versus private, but the right combination of each under the right conditions; and that the conditions that are "right" vary enormously from country to country, depending on the respective stage of development, development priorities established by the country, and the services offered by prospective foreign investors.

In assessing the potential of private U.S. investment to help alleviate world hunger, the Commission has focused largely upon the activities of agribusiness firms. For the most part, such activities involve the direct production of plant and animal products. Investment patterns in this area have undergone far-reaching changes over time. Large foreign-owned plantations have long since given way to modes of investment which do not involve direct ownership of land. Today, U.S. firms concentrate increasingly on providing the specific processing technology to expand the market and infrastructure for nearby small-holder growers.

A second important area of agribusiness investment involves the sale of goods (such as food products and agricultural inputs that include seeds, fertilizer, and pesticides) produced outside the host country, often by the parent company. The third major type of agribusiness investment concerns the processing of locally-grown agricultural products for export to developed countries.

Finally, some of the most important hunger-reducing investments in less developed countries -- the construction of rural roads, irrigation and drainage systems, for example -- require the planning and engineering talent contained within large private construction firms, many of them U.S.-owned. Although such

enterprises are frequently forgotten in discussions of world hunger, these firms are a dominant form of U.S. private activity in the developing world.

While the activities of agribusiness and construction firms together constitute less than one-third of all U.S. corporate investment in the developing world, total corporate investment in developing nations has grown rapidly in recent years. Between 1967-1976 the total grew from $33 billion to $67 billion -- although it is important to note that over half that amount is concentrated in twelve countries, such as South Korea, Mexico and Brazil, with per capita incomes of over $1,000 per year. By 1977, the developing nations were host to more than 20,000 affiliates of international corporations, of which about half were American.

Corporate investment, then, has far-reaching implications for efforts to alleviate world hunger -- both through direct involvement in national food systems and, more generally, through its impacts upon employment levels, purchasing power, income distribution, balance of payments questions and productivity in developing nations. A full examination of this range of corporate impacts in poor nations lies beyond the scope of this Commission and this Report. Moreover, the Commission has not analyzed the role of indigenous private firms and cooperatives. Rather, the Commission has concentrated on assessing the more direct roles that U.S. corporations can -- and cannot -- be expected to play in global efforts to alleviate hunger. The Commission also suggests ways in which the policies of local governments, the United States Government and the corporations themselves can help to maximize the potential benefits that such firms might have to offer.*

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* Commissioner Stockwell: "Though I am in sympathy with the thrust of this chapter to search out the most effective ways in which corporations can contribute to the elimination of hunger, I am not nearly as optimistic about that possibility as the chapter might suggest. Too much corporate activity in today's world hurts rather than helps the world's hungry: the use of resources for the advantage of the wealthy rather than the poor, export cropping that uses land for corporate profits but not for feeding the hungry, the use of power and influence with developing country governments to secure privilege, and the creation by advertising of appetites for non-nutritional products and for products that militate against basic health and wellbeing. To my mind the single most effective test of whether corporations will assist or hinder the struggle against hunger is the extent to which they will encourage our nation to seek a new international economic order which will be far more just to the poor nations of the world than is our present economic order. The protection of excessive corporate profit and privilege at the expense of the world's poor is indefensible. I hope this Commission's recommendations may assist private enterprise towards a new enlightened commitment to the poor of the earth, including an acceptance of structural changes that will enable fairer international economic relations than those which currently prevail." (Also endorsed by Commissioners Chapin, Leahy and Nolan.)

APPROPRIATE AND INAPPROPRIATE ROLES FOR FOREIGN CORPORATIONS IN THE FOOD AND AGRICULTURE SECTOR

There is broad consensus among business and non-business analysts, from the developing as well as the developed countries, concerning the positive roles that multinational corporations in the food and agriculture sector can play in Third World food systems. The most important contributions are access to large amounts of international capital and credit, and established access to restricted international markets. Increasingly, multinationals act as marketing channels between the resources of the developing world, and the demands of the developed world. These corporations can also provide access to technology, scientific expertise and extensive research capabilities, combined with the managerial skills needed to translate laboratory findings into viable market operations. Additional advantages that such firms have include the economic strength to take substantial risks, and the ability to work with governments of different political orientations.

The special capabilities of agribusiness corporations are most likely to be maximized through investments in specific areas of interest to developing nation governments seeking to modernize their food systems. For example, through investments in facilities and services to conserve food and prevent food loss, such as rural storage and drying facilities, foreign firms can play a role in reducing post-harvest losses. The development of "in-country" food processing facilities can help to save foreign exchange on items that would otherwise have to be imported, and to earn foreign exchange by adding value to locally produced items for export.

In addition, the establishment of food fortification facilities, either at central locations or small rural mills, can upgrade the nutritional levels of traditional foods. Suppliers of farm inputs can help to increase crop and animal yields, and thereby expand the availability of food for local consumption and/or export. Marketing services and facilities to promote exports can then complement the direct production of commodities for export. Agribusiness firms can also provide on-the-job training for such tasks as the use of fertilizers, agrochemicals and farm equipment. Finally, in cases where equity investment is not desirable, corporations can provide appropriate skills, training and expertise in all of the areas noted above through the use of management contracts or other innovative arrangements.

There are also a number of investment options for which agribusiness multinationals are at a comparative disadvantage. The first is the direct production of staple crops. For the major field crops used for human food -- wheat, corn, sorghum, rice, soybeans and other oilseed crops -- direct corporate ownership of farming units has not become widespread even in developed countries. The family farm unit -- whether large or small -- combining ownership

and management continues to remain the most productive, efficient unit. This is even more the case in poor countries, where it is difficult to assemble large land units, where governments generally oppose foreign ownership of land, and where major disincentives such as inadequate access to credit and water often work against increases in output even by local farmers.

The second type of investment option which is generally considered inappropriate for foreign corporations concerns the internal distribution and marketing of basic foods. A primary talent that American corporations have to offer lies in increasing the availability of a wide variety of foods in situations where the actual or potential market is large enough to justify the investment. However, transferring that talent to diverse developing country situations is a major challenge to American enterprise. Most large U.S. corporations have little experience and expertise when it comes to marketing basic foods to low income, widely dispersed consumers in the poorest countries.

On the contrary, agribusiness firms tend to produce "luxury" items for export or local consumption by the affluent. The poor majority in developing nations do not yet have the purchasing power to afford beef, chicken, strawberries or highly processed foods. To the extent that the production of such items diverts local resources away from the production of basic food crops for the underfed population, the effect can be negative in terms of alleviating hunger and poverty. For example, an American poultry-raising operation in Colombia caused the replacement of food crops with feed crops by the production of meat that was too expensive for all but the relatively wealthy local farmers. Yet the production of luxury items or cash crops is not inherently good or bad. The issue is the distribution of the benefits and how equitable it is -- an issue foreign firms should be sensitive to in negotiations with the local governments.

Serious problems have also resulted when foreign firms have sought to expand their sales of these same products among poor people who can ill afford such goods, in either financial or nutritional terms. Often, sales are promoted through the use of highly sophisticated advertising and other marketing techniques. The sale of food and drink of questionable dietary value, often a highly profitable practice, frequently contributes to poor dietary practices and lower nutritional levels among the poor, especially when scarce household income is diverted to buy such products. One example of this risk has been the marketing of infant formula to poor women in developing countries, as an expensive and potentially dangerous alternative to breast feeding in the absence of proper conditions for preparing and using these products.

In summary, past experience indicates that the U.S. private sector can perform a number of important functions that can aid the modernization of food systems in developing countries. On the other hand, the record also shows that some corporations have engaged in practices and patterns of investment which undercut or conflict with efforts to alleviate hunger and malnutrition in developing

countries. Given the diverse food requirements, farming systems, natural resources and forms of government within the developing world, the nature and extent of mutually beneficial investment opportunities is likely to vary from country to country.

Generally speaking, however, the most attractive countries for foreign investors remain the middle- and upper-income developing countries where rapid advances are being made in industrialization and the expansion of economic and social infrastructure. In the poorer developing countries, which also are those with the greatest food problems, the critical lack of trained manpower and the need for infrastructure, such as farm-to-market roads, irrigation systems, and newer port facilities, offer little incentive to foreign corporations to begin operations.

More specifically, neither corporations nor developing countries see much of a role for foreign private investment in direct efforts to alleviate hunger and malnutrition among the very poor. Agribusiness executives themselves are virtually unanimous in recognizing the limitations of their own organizations for meeting these particular needs. They generally conclude that it is extremely difficult for a private business to develop, distribute and sell enough basic foods to realize even modest profits. Nor have most U.S. corporations applied their research and development efforts to the needs of malnourished populations. Food processors, traditionally, have target groups other than the poor. The techniques in which they excel -- product differentiation, mass marketing to middle- and-upper income groups -- historically have not met the needs of malnourished people in very poor countries.

THE FUTURE OF AGRIBUSINESS INVESTMENT IN DEVELOPING COUNTRIES: CHALLENGES, OPPORTUNITIES AND CONCERNS

The participation of private agribusiness corporations in developing nations raises important issues. Under what circumstances will private investment contribute to or detract from the host countries' economic and social goals? How can corporate policies and practices be tailored to the needs of differing groups of developing countries? Just as development specialists have long since discarded the idea that rapid economic growth alone was sufficient to raise living standards and reduce poverty, so too have they -- and corporate executives as well -- abandoned the notion that modern, highly skilled agribusiness firms would automatically improve the quality and quantity of food consumed by the poor, and reduce its cost.

What has been learned, often at great expense, in the last 30 years is that hunger and malnutrition will not be eradicated by the simple transfer of money, technology and management skills. These elements are necessary but insufficient ingredients by themselves. What is needed is an appreciation and understanding of the political, social and economic circumstances of the people in developing countries, so that the benefits of agribusiness activities have a positive

impact down to the village and household level. Achieving this impact requires a better understanding of how to address the basic needs of the poor than most corporations and government agencies now have.

What has also been learned is that the technology developed and sold by large corporations for use within industrialized nations is often inappropriate to the needs of poor nations and poor people. New technologies must be developed that will prove appropriate to the basic social and economic needs within the developing countries themselves.

The Role of the Host Government

Governments of developing countries, not foreign agribusiness (or other) corporations, must bear the responsibility for choosing among alternative investment strategies, setting priorities among competing national goals, clarifying incentives to meet their national objectives, and developing the basic social and economic infrastructure essential to successful and equitable operation of private enterprise. An agribusiness firm is not a development agency, but it can be one agent in the development process. The role of such firms is to help meet local needs by responding to the incentives (and disincentives) which governments set to achieve their own objectives; it is not to determine what those objectives should be, nor to achieve them without regard to profitability. Unfortunately, some multinationals have become involved in setting national policy within developing nations, to the detriment of the local population, the entire corporate community, and the U.S. national interest as well.*

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* Commissioner Stockwell: "The emphasis that governments of developing countries must choose their own development policies is undoubtedly sound. What is not so evident is that most governments do not have the luxury of working those policies out with full popular participation and support. Too often the inheritors of political or economic colonialisms who have entrenched privileges, often to the advantage of certain private sectors, are stoutly defended by U.S. corporations that themselves side with the privileged and use intense pressure on governments to perpetuate policies which at best are only marginally useful to society and at worst are a crass protection of the wealthy against the poor. For corporations to be credible as participants in the war on hunger they must, at the very least, refrain from using their influence or economic activity to pressure governments to secure privileges for the wealthy few to the detriment of the many who are hungry and poor. Just as this report calls for our government to move in a whole new direction on behalf of the hungry of the world, I believe the report also calls for a major redirection in the activity of U.S. multinational corporations to support social policies that benefit the many and not just the privileged few." (Also endorsed by Commissioners Chapin, Leahy, Nolan and Simmons.)

Governments of developing countries must decide for themselves whether or not they want to attract private foreign investment in order to meet particular needs within the local economy. If so, they must make local conditions sufficiently congenial to attract foreign investment. By definition, the job of private investors is to respond to profit-making opportunities. The major components of such opportunities include a market (demand for a product or service, expressed in monetary terms), an hospitable social and political climate (the government must be stable and have a demonstrated commitment to keeping the private sector viable), and an hospitable economic climate (the concept of profitability must be accepted as an important element in the development process).

Corporations are wary of investing in countries with substantial deterrents -- government controls, costly bureaucratic requirements and time-consuming procedures, prospects of nationalization and expropriation, difficulties in converting currencies and repatriating profits, adverse trading regulations and confiscatory taxes. These factors have made the decision to invest overseas a complex one and often have strained relations between the investor and host country. Such factors, along with the costly factor of time itself, have discouraged the entry into the international investment arena of smaller companies whose enterprises might be more compatible with the labor-intensive community development aspects of the local economy.

In deciding for themselves whether or not they wish to attract foreign investment, governments of developing nations must take a wide range of factors into consideration:

--How will a given investment affect the demand for labor? Some corporate investment creates additional jobs, provides training and generally upgrades the workforce. In other cases, the techology which agribusiness firms bring is too capital-intensive and energy-intensive for poor countries with widespread unemployment and foreign exchange problems.

--How will the proposed investment affect that nation's balance of payments situation?

--How will a private project affect various segments of the local population? Will it provide goods and services, or increase public revenue, in ways that will benefit the few or the many? Will it help to strengthen the local private sector, by sharing needed skills, information and technology with local enterpreneurs? Or will it instead provide unfair competition to local firms and cooperatives which lack the marketing skills, access to capital and other advantages of large foreign firms?

In short, all governments must ask "who benefits" when deciding upon the merits of proposed private investment activities. Governments seldom, if ever, have a central "nerve center" responsible for making such decisions on the basis of a rational, comprehensive cost-benefit analysis. Nonetheless, the answers to these and many other questions -- albeit informally and unofficially included in the decision-making process -- will be reflected in the final outcome.

Once a government does decide to attract private investment, its own national priorities and policies then become the most important determinants of whether that subsequent investment will have positive or negative effects on its poorest and hungriest citizens. If the goal is to harness the advantages of corporate know-how for the general good (in nutrition as in most other aspects of development), then the host government's political commitment to implementing that goal in practice is perhaps the single most important ingredient for success.

On the other hand, many nations do not attach sufficient priority to meeting the needs of the poor. Unfortunately, societies governed by small elites and characterized by inequitable power structures all too often offer the most profitable investment opportunities in the developing market economies. When private corporations become heavily involved with governments that have little or no interest in alleviating hunger or improving living conditions, the local elite reap the profits and the poor pay higher prices.

The Corporate Role

There are several motives for international corporations to invest in developing countries: to secure access to new markets; to maintain markets previously served by exports; to obtain higher rates of return on investment, access to raw materials, tax advantages, lower labor costs, less demanding environmental regulations; and, frequently, to demonstrate a genuine desire to participate in economic development abroad while simultaneously fulfilling corporate economic goals.

The multinational corporations, of course, cannot be expected to solve the world's hunger problem by themselves, nor can they be expected to have a positive impact in situations where the government is not committed to development. However, they can be expected to devote more energy and resources to ways of facilitating equitable economic development in countries where they do business. Among the promising new approaches to transferring appropriate technology and encouraging countries to develop their own are: feasibility studies to define local investment opportunities; participation in joint-venture projects; provision of training in technical skills as well as community development; assistance in organizing local associations and their management.

Whatever the means, the transfer and local development of appropriate technology will have to proceed governed by the belief that there are developmental goals more significant than short-term economic gain. If there is a strong sense of corporate responsibility, the contributions of private industry can extend beyond the immediate impact of their commercial activities. As has been the case for many years in the United States, community-related corporate activities should be expected to become a cost of doing business abroad in highly competitive situations, as developing countries become increasingly sophisticated in negotiating investment terms.

Meeting the challenge of investing in developing countries will require changes in traditional corporate policies, including the recognition of a longer time

frame for investment return, less demanding profit requirements (profits on foreign operations are often 50-100 percent higher than on domestic investments), and some assumption of relevant social or community costs.

Innovative approaches are needed to assure that the benefits of foreign investment are realized at the village level. Agribusiness firms must work hard to understand the problems of rural development and tailor their expertise to the specific problems of each developing country. The technology of the corporations -- efficient production systems, food processing and preservation techniques, advanced research, management and organizational skills, -- must be adapted in ways that are socially and culturally acceptable as well as economically viable.

Some agribusiness firms have been highly successful in combining social considerations with the need to achieve an adequate return on investment. For example, one British firm not only raised the incomes of small farmers in a heavily populated region in Kenya but also reduced that country's dependence on sugar imports in the process. Instead of organizing sugar production on the traditional plantation basis, the firm works with farmer-suppliers (four-acre farm size) and has set aside land for food production. In addition to the 5,000 farmers, the refinery employs 2,500 local workers who are gradually replacing the foreigners hired to supervise them. The success of this venture has led to additional management contracts for similar projects. Thus there exists a complementarity between the imported technology and local needs that has prevented the development of a ghetto colony of landless laborers and other social problems which have often attended this type of enterprise in the past.

Unless such challenges are accepted, corporate investment is likely to occur slowly in countries where hunger is a major problem. However, past experience indicates that conditions in some countries can change rapidly and in the interim there are ways other than equity investment whereby American management skills can be made available on a mutually agreeable basis.

As in the case of host governments, potential investors in developing countries, too, must ask themselves a series of questions regarding their willingness to conduct their operations in poor countries in ways that complement local development priorities. For example,

--Could their agricultural operations function with prior agreements that would:

allow part of their acreage to be used for staple crops -- either permanently or on a rotational basis?

provide contract farmers with the same high-quality technical support for staple production as they do for the exportable cash crop?

permit local community participation in operational decisions?

--Although the job of meeting the needs of the poorest of the poor is widely acknowledged to be a task for public agencies rather than private enterprise, are there ways in which they can help to increase the effectiveness of government efforts in this realm?

--Will corporations be willing to transfer majority ownership to local owners over a mutually agreed period of time?

CONCLUSIONS AND RECOMMENDATIONS

In 1967, the President's Science Advisory Committee wrote that "despite chronic reiterations of the need to involve private industry in economic assistance, no significant progress in engaging this rich reservoir of resources and skills can be reported at this time." This still remains the case, to a considerable extent.

Concerned corporate executives have long believed that much more could and should be done to bring the resources of the agribusiness sector to bear on efforts by developing nations to modernize their food systems. Such efforts will not necessarily result in immediate or direct benefits to the malnourished poor. However, the introduction of new crops and product forms, as well as innovative ways of producing, processing, preserving, storing and distributing foods, can all help in the long run to lower the cost of calories to the poor.

The Commission believes that several elements would help to mobilize existing technical and managerial skills, knowledge and experience in socially beneficial ways within the developing world: more and better information of various kinds, national and international norms of conduct, and high-level efforts to inspire the personal involvement of leading corporate officials.

Perhaps the greatest potential contribution of the U.S. private sector has been denied by the failure to encourage small American firms to invest overseas. Such firms are unfamiliar with international investment opportunities, and lack institutional means of obtaining adequate information about conditions and possibilities abroad. Large corporations are expert at assembling detailed information about international economic needs and trends, but the relative cost of such information gathering is often too high for small-scale firms with no previous experience or contacts overseas. However, it is precisely these smaller firms that have the most to offer small-scale counterparts in the developing world. Accordingly,

> The Commission recommends that non-profit foundations, in cooperation with the private sector and representatives of developing countries, establish a non-governmental clearing house to encourage mutually beneficial collaboration between developing countries and U.S. investors, particularly small firms, in the food and agriculture sector.

The center would provide information needed by developing countries to attract and retain useful foreign investment and data needed by corporations to identify appropriate investment opportunities in host countries. Such a center could make technical and managerial expertise and experience of U.S. industry more easily available to developing countries, assist small firms to share their expertise with private enterprises (including cooperatives) overseas, and serve as a clearinghouse for information.

Such a center would provide to the representatives of developing nation governments and enterprises an improved understanding of the legitimate requirements for investment and an improved ability to negotiate for themselves greater returns, particularly in the area of training and technology.

The newly formed Institute for Scientific and Technological Cooperation, along with selected Agency for International Development activities such as the relatively new program of reimbursable technical cooperation, could help to facilitate the transfer of skills and the improvement of techniques, including applied research.

The International Finance Corporation (IFC) of the World Bank currently seeks to assist developing countries to identify priority projects and to secure needed technical and financial resources from foreign companies. The Commission believes that IFC activities in this area deserve additional support from the United States and other donor countries.

The proposed center could also benefit from collaboration with the Rockefeller Foundation's International Agricultural Development Service (IADS). The Foundation has been considering the expansion of IADS to encompass contracting with private companies for delivery of services in the vital areas of processing and marketing, and the establishment of an international development center which would provide a link between private enterprise, host countries, universities and governments.

While the funding for such a center should come primarily from the resources of those organizations already in place, the business community itself, and developing country governments, the Commission believes that Congress should consider the provision of some initial funds, either through the Development Assistance appropriation or through appropriate Department of Commerce programs, to help strengthen or initiate the functions of the center. The Commission believes that the provision of some initial "seed money" to begin the work of the center would be very useful.

Increased corporate investment in developing countries places added responsibilities on both corporations and local governments to develop appropriate standards for investment activities. The formulation of an international code of conduct for multinational corporations is already being undertaken within the United Nations. Accordingly,

The Commission recommends that the United States fully support current United Nations efforts to prescribe standards for investment on the part of international corporations in developing countries, and that U.S. representatives insure that these standards include balanced requirements for both the corporate investor and the developing country. Congress should consider adopting appropriate sections of the proposed U.N. code of conduct as U.S. law.

The Commission believes that when these standards are complete, they will provide guidelines for corporate and recipient country actions on such issues as the involvement of corporations in the host country's economic, political, financial, and social activities, as well as provisions for disclosure of, and access to, information. The standards should also establish rules for nationalization and compensation; general guidelines for the treatment of corporations by their host and home governments; and guidance covering jurisdictional disputes among governments, corporate investors, and other governments.

It is likely that national legislation will also be needed to complement and assure the enforcement of the forthcoming international code of conduct. In particular, the Commission urges Congress to enact legislation that outlaws the international sales of any products that are prohibited for sale within the United States itself. (Such legislation has already been enacted by Sweden, one of the most successful exporters of goods to developing nations.) At the very least, the Commission believes that U.S. manufacturers should be required to provide potential overseas buyers with full information regarding the possible negative effects of products which are still being tested or which have been taken off the U.S. market.

Over the past several years, there have been a number of calls for the U.S. business community to take initiatives to seek further involvement in the development process. Renewed impetus for these initiatives and evidence of concern from the United States Government is now appropriate, since some of the most feasible and imaginative ideas on how to involve the corporate sector in development must come from that sector itself. Accordingly:

The Commission recommends that the President call a meeting of major corporate and agribusiness leaders to personally encourage such industry representatives to provide their own views to the President and the public on international corporate investment in developing countries, with particular emphasis on corporate responsibility and action in the elimination of world hunger.

The Commission is convinced that this suggestion will be welcomed by the business community. While such efforts can also be encouraged through existing industry organizations, such as the Agribusiness Council, the Grocery Manufacturers of America, and the Industry Council for Development, the added impetus of a Presidential meeting and the encouragement from the President to undertake such activities would be extremely helpful.

Today, over 85 percent of internationally traded grain is marketed by five privately-owned grain companies. The impact of the international grain trade on world food prices and supplies received widespread attention following the massive U.S. sales of grain to the Soviet Union in 1973. In recognition of the need for fuller public information on international grain sales, Congress in 1973 gave the U.S. Department of Agriculture legislative authority to take over export sales monitoring. As a result, U.S.-domiciled corporations are now required to report all major export commitments.

However, one of the advantages that the large companies have is their extensive intelligence network regarding food supply and demand conditions throughout the world. Rather than advocating any further ex post reporting of sales contracts or deliveries (particularly since not all of the major corporations are U.S.-domiciled), the Commission believes that it is more important to provide all those involved in the world food economy with fuller information on the wide range of factors which influence food supply and demand -- and, hence, food prices. The Commission also believes that this is a function most appropriately performed by the public sector. Although there have been important recent steps to increase global information in this area, such as the publication of the Food and Agriculture Organization's Food Outlook Quarterly:

> The Commission recommends that the U.S. Department of Agriculture and the FAO take additional steps to increase the flow of public information dealing with food supply and demand conditions of both an emergency and commercial nature.

With particular reference to U.S. action in this regard, and in order to undertake these additional steps, the Commission urges the Congress to reexamine the authority and the budget of the U.S. Department of Agriculture to obtain additional information from all relevant sources, including if necessary, grain companies.*

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* Commissioner Stockwell: "I regret that representatives of the major U.S. grain companies did not testify before the open hearings of the Commission. Given the large impact of these companies on world grain trade, and hence on hungry nations and peoples, I belive it is incumbent on the companies to be far more forthcoming than they currently are in public information about their part in international grain trade. If they are reluctant to do so, as appears to be the case, I hope our government will institute and enforce rigid standards of wide reporting and, in the light of the information elicited, strong regulation of the corporations as appropriate so it becomes crystal clear that their activities contribute to the alleviation of worldwide hunger rather than the contrary." (Also endorsed by Commissioners Chapin, Leahy and Nolan.)

The Commission is convinced that closer cooperation among agribusiness corporations and developing nations, which recognizes the lessons of the past, the changes that are occurring in the present, and the need for innovation and understanding in the future, is not only possible, but also essential to success in the establishment of self-reliant national food systems.*

* Commissioner Simmons: "This chapter underestimates the impact of the problems generated by large concentrations of foreign-owned land particularly in Latin America."

NOTE: Additional views on this chapter by Commissioners Chapin, Gilman, Leahy and Nolan appear in Appendix C.

CHAPTER 3

WORLD FOOD SECURITY

INTRODUCTION

Several hundred million people in the world struggle for daily survival on incomes which cannot provide even the minimum diet required for good health. These millions of the permanently hungry spend the majority of their incomes on food, usually the cheapest food that will sustain human life. In Afghanistan, for example, 85 percent of the total caloric intake comes from food grains, and in most of the poorest nations, such grains account for well over half of total calories.

The contrast with the richer countries is striking. In the United States, the average family spends less than 20 percent of its budget on food, and many of the foods consumed are among the most expensive sources of nutrition, such as dairy products, meats and fruits.

The small portion of their incomes that the consumers in the rich nations spend on food, and the types of food consumed, combine to provide a substantial margin of security against the effects of agricultural setbacks. If meat prices should increase sharply, for example, consumers can turn to cheaper varieties, such as ground meat or poultry. In the worst circumstances, there might be an increased reliance on grain-based products, such as breads or pastas. Outright hunger is likely to be very limited.

However, for those who are already spending the bulk of their incomes on the most basic foods, a shortage can spell disaster. In the recent past, world production shortfalls of less than 10 percent have been linked to price increases for wheat and rice of 200 percent or more. Modest shortages, which may raise the cost of bread in the United States by a cent or two a loaf, can result in severe shortages in Bangladesh, or Mali, or Guyana.

Moreover, world grain trade is so tightly integrated that a crop failure anywhere in the world may adversely affect the most remote villages, unless

local arrangements have been made to protect citizens against price increases. Richer customers can easily -- and unknowingly -- draw supplies away from the poorest people simply by offering a higher price. At the height of the 1972-74 food crisis, U.S. grain was being sold on commercial terms to feed European cattle while food aid shipments to people in the poorest countries were being trimmed back because budgetary allowances had not anticipated the higher cost of grain.

The most effective way to improve world food security is to foster self-reliant development among poor people so that their incomes allow them to ride out shortage-induced price increases. For the millions who now live on the edge of survival, however, increased food security must be achieved before the lengthy process of development has had time to create the desired effects. This increased food security is, of course, dependent upon self-reliant growth in the farm sectors of developed, producing countries, such as the United States, as well as in the developing countries. The lives of the 800 million estimated to be living in absolute poverty are put at risk every time there is a drought in Kansas, or floods in India, or a late frost in the Ukraine. The world must prepare itself for these irregular, but inevitable, setbacks. It must store food against times of scarcity; it must improve delivery systems for its food aid;* and it must protect its agricultural resources. The alternative is the continuing holocaust of world hunger.

FACTORS UNDERLYING WORLD FOOD SECURITY

Grain Reserves

World food security and grain reserves have multiple goals. In addition to feeding hungry people in a disaster situation, reserves invariably have consequences and implications for other areas, such as consumer price stability, farm price stability, and income stability for farm people. As part of a larger international food system, these goals in turn influence the location of food shortages and hunger. An effective grain reserve system therefore must include international, national, and regional reserves, coordinated in such a way as to reduce the risk of hunger anywhere in the world.

The view that food reserves should be created to protect the world against starvation in times of shortage received strong support at the 1974 World Food Conference. After the close of the Conference, the United Nations' Food and Agriculture Organization (FAO) coordinated agreement on the International Undertaking on World Food Security, which envisioned establishment of national and regional reserves. A number of nations have committed themselves to the Undertaking, have adopted reserve policies and targets, and are arranging for storage. As an addition to the Undertaking, the FAO later created the Food Security Assistance Scheme (FSAS), through which developing nations were to be

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* Commissioners Chapin, Leahy and Nolan: "The second clause of this sentence should read: 'it must improve delivery systems for its emergency food aid;'."

able to obtain financing and technical assistance for creation of their own national reserves.

To date, India is virtually alone among the developing nations in establishing significant reserve holdings, largely on its own initiative. Good grain crops since 1975 have permitted a modest accumulation of stocks and have made India a small net exporter, even though starvation remains a daily threat to many citizens. The buildup of Indian reserves was made possible by the improved production, but was also based upon a determination to acquire reserves and a willingness to build the capacity to store and manage them. Productivity was encouraged through price supports and investments in agricultural infrastructure. This Indian commitment to establish its own national reserves represents an important contribution to increased national and world food security. While it may not be appropriate for every developing nation to create its own large-scale reserve system, the United States should support the efforts of the FAO and individual developing nations to establish reserves where they are economically appropriate.

At the present time, the United States is involved in three distinct efforts to create or maintain reserves. Perhaps the most important existing reserve is the farmer-owned grain reserve, created under provisions of the 1977 Farm Act. Secondly, several pieces of legislation are currently awaiting Congressional action which would establish a four-million-ton reserve of wheat to backstop shipments of food made under terms of the P.L. 480 legislation. Under present conditions, such shipments fall off when world wheat shortages push prices up -- which, of course, is exactly the time when those shipments are most needed by the developing nations. Finally, the United States has been participating in discussions held under the aegis of the International Wheat Agreement which would envision creation of an international system of nationally held reserves.

Farmer-Owned Reserves

Designed to stabilize and improve domestic farm income, this reserve has proven popular with grain farmers, although other policies followed by the Department of Agriculture have prevented it from ever approaching its maximum authorized stocking level. Because the reserve provides farmers with incentives for storing grain during periods of relative oversupply, and helps them with storage costs until prices exceed certain pre-established limits, it contributes to keeping domestic, and world, grain prices from reaching extreme highs or lows. This system allows farmers to avoid sales during temporary low price periods and to profit from the higher prices which result from production shortfalls. At the same time, as individual farmers decide to make additional grain available for sale during periods of

shortage, this helps to prevent food prices from increasing to the point where millions cannot afford to eat.*

Since the United States is a major international grain producer and exporter, the farmer-owned reserve provides a degree of security for developing world consumers, while helping to insure that the farmers in those countries will not be inundated by low-priced grain in periods of oversupply. However, the actual level of stocks is seriously inadequate to provide price protection in the event of serious production setbacks. According to most experts, reasonable world security would require 60 to 80 million tons of reserve wheat, of which the United States, because of its leading role in production and exports, should hold about 45 million tons. However, the maximum stocking level authorized by the 1977 legislation is 19 million tons of wheat, and the production controls imposed by the Department of Agriculture since the reserve was authorized have helped to keep actual stocking levels well below 10 million tons.

The Commission believes that the maximum authorized stocking level for wheat should be raised to 30 million tons immediately, and that appropriate complementary policies should be adopted by the Department of Agriculture to ensure sufficient production to permit actual stocking at the appropriate levels. The Commission also believes that the price levels at which the grain is released are too low for maximum efficiency. While these prices should be set at levels which permit grain stocks to return to the market in times of serious shortages, thus forestalling the extreme price increases which lead to starvation among poor people, they should be high enough to prevent depletion of the reserve before a true emergency has occurred. Release prices should also allow participating farmers to receive a reasonable return on the grain they have in the program.

The recent Administration actions taken in connection with suspension of grain sales to the Soviet Union meet certain of the Commission's objectives. Prices farmers receive for entering the reserve program have been increased, thus improving the incentive to participate, and release prices have been raised somewhat. However, the Commission believes that release prices should be increased by an additional 10-15 percent over current levels --

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* Commissioners Chapin, Gilman, Leahy and Nolan: "The Farmer-Owned Reserve system allows farmers to obtain higher commodity prices only up to the price level where grain is released from the reserve (as long as the reserve lasts). Individual farmers not participating in the reserve may sell their grain whenever they wish but farmers in the reserve program are penalized if they sell their reserve grain before it reaches the release level."

which would put release prices 35 percent above the current cost of production -- if the twin objectives of preserving the reserve against premature depletion and protecting farm income are to be met.* In the view of the Commission, these adjustments should be complemented by other changes to make participation in the reserve more attractive, including increases in storage payments to farmers and reductions in interest charges, elimination of production restraints until reserve stocks reach necessary levels, an increase in the authorized maximum stocking level, and the necessary legislation to support these initiatives.

Emergency Wheat Reserve

Because funds appropriated for food aid under P.L. 480 tend to remain relatively stable year-to-year, actual food shipments drop when prices are forced up by shortages. That is, just when the poorer nations are experiencing food shortages, U.S. food aid shipments decline. In 1974, for example, when the world food crisis was at its peak, P.L. 480 shipments were less than a third the level they had reached two years earlier.

Several pieces of legislation now pending before Congress would attempt to address this problem by creating a small wheat reserve to backstop the P.L. 480 program. These bills would authorize the Secretary of Agriculture to establish stocks of up to four million metric tons, to be released only for purposes of emergency food assistance to developing nations when sufficient supplies are not otherwise available. The Commission endorses these initiatives and urges quick Congressional action.

The suspension of sales to the Soviets has also had an impact on the emergency reserve's prospects. The Administration will acquire the 3.7 million tons of wheat intended for sale to the USSR and intends to earmark it for use in the emergency reserve. However, while Administration authority is sufficient for acquisition, legislation will be required to permit these stocks to be used for relief and for replenishing the reserve as stocks are drawn down.

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* Commissioners Chapin, Gilman, Leahy and Nolan: "At the meeting of the Hunger Commission on February 29, 1980, we understood that an agreement was reached to strike all reference to increasing the release level by a particular percentage because quickly changing circumstances could render any percentage meaningless. We regret that the percentage still appears in the report. The sentence should be struck and the following language inserted: 'However, the Commission believes that release prices should be increased by an amount sufficient to meet the twin objectives of preserving the reserve for major international emergencies and to assure farmers an equitable return on their labor and investment.'"

International Wheat Agreement

The forum for reaching agreement on an international reserve system is the Wheat Trade Convention of the International Wheat Agreement. As envisioned in the discussions that have been held to date, the system would consist of an arrangement of internationally coordinated, but nationally controlled, reserves.*

Unfortunately, these discussions have yet to lead to creation of a functioning international system. Negotiations have bogged down on the central issues of appropriate stocking levels, release and acquisition prices, and special provisions which were to be offered to the developing nation participants. The United States Government has supported the principle of such an international system, and the Commission endorses any such arrangement which offers income protection to producers and price protection to consumers in times of short supply.**

In hope of breaking the deadlock, the International Wheat Council has scheduled meetings for late April 1980 to consider new approaches. While these negotiations may lead to a less comprehensive arrangement than originally envisioned, the Commission believes that the importance of an international reserve system necessitates the strongest support on the part of this Government. Recognizing the need for intermediate steps leading to the establishment of a global system, the United States should be prepared to adopt an accommodating attitude toward proposals offered by other participants, provided that those proposals are economically sound and contribute to achieving an integrated international system.

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* Commissioners Chapin, Gilman, Leahy and Nolan: "The participants in the international wheat discussions should include the producing and consuming countries and developing nations. All participants in the discussion should recognize the principle that wheat should be marketed at prices which reflect true costs of production, plus a reasonable profit to producers."

** Commissioners Chapin, Leahy and Nolan: "An international wheat agreement will not offer price protection to hungry consumers. The hungry are the world's poor and they cannot afford adequate food at high or low prices. Producers desperately need the income protection which a wheat agreement could provide, and the world's hungry need incomes which will enable them to purchase enough food. To reduce poverty (the root cause of hunger) grain reserves and wheat agreements must be accompanied by equitable economic growth in order to increase household incomes."

Food Aid

In 1978, food aid commitments by all donors came to over 9 million tons, about 1 million tons short of the target set at the 1974 World Food Conference. The 9 million figure accounted for about one-fifth of all developing country grain imports. The United States contributed more than half of the total and, over the past 25 years, this country's food aid contributions have averaged a value of about one billion dollars per year. An analysis of U.S. food aid programs appears in the Development Assistance chapter.

One important and immediately attainable goal would be to reach agreement on a new Food Aid Convention, one component of the International Wheat Agreement negotiations. The United States has already taken the lead on this issue by stating that it would be prepared to make available a minimum of 4.47 million metric tons of cereals annually through the P.L. 480 program. Countries participating in the Food Aid Convention are scheduled to reconvene and conclude negotiations in March 1980. The Commission urges prompt Senate ratification of the agreement. Furthermore, every attempt should be made to enlist new donors, especially OPEC countries, to achieve the 10-million-ton target envisioned in the Convention.

United States Farm Policy

A strong U.S. agricultural system is an essential element of a world food security system. The United States acts as a major supplier to nations with consistent food deficits and as a reserve supplier to nations that are usually able to provide for their own needs but occasionally suffer shortfalls due to bad weather or other transient conditions. This year U.S. exports of wheat will account for 46 percent of world wheat exports; U.S. rice exports will account for 25 percent of all rice exports.

During the past decade, the volume of U.S. agricultural exports has increased by about two-thirds. According to estimates, in 1978-79, the United States exported 64 percent of its wheat, as well as 26 percent of its feed grains, 42 percent of its soybeans, and 47 percent of its rice.* The developing world, which was largely self-sufficient in food production as recently as the 1950s, is now a net importer and is expected to have an annual deficit of 85 million tons of wheat, rice and coarse grains by 1988.** In recent years, over half of

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* Commissioners Chapin, Gilman, Leahy and Nolan: "These figures reflect percentages of annual U.S. production, not a percentage of total supplies."

** Commissioners Chapin, Leahy and Nolan: "See our supplementary views for an analysis of some of the factors which have restricted the production of grain in developing nations."

U.S. wheat exports and nearly three-quarters of exported rice went to the developing world. While the poorer nations should be encouraged and assisted to increase their food self-reliance, it is likely that they will continue to be large consumers of U.S. foodstuffs.

Though it is to be expected that domestic considerations will strongly affect U.S. farm policy, policymakers should be sensitive to the impact those policies have on production and consumption in the developing world. At times, the interests of the United States and the developing nations will coincide. When they do not, however, this country should adopt strategies that will prevent domestic policies from adversely affecting poor people in food-priority countries.

Since the United States dominates the international grain trade, the policies this country adopts to influence domestic grain prices also have an important effect on prices, and therefore production, in the developing countries. In practice, developing countries have often adopted programs to reduce or eliminate the price spread between imports and internal production, but such programs can be very expensive to operate if they require significant subsidies to local farmers. Hence, maximum benefit to both producers and consumers results from strategies which bring grain to market at prices which reflect true costs of production and reasonable profit to producers.

The expanding volume of grain exports has been a double-edged sword for farmers in the United States. While only a world market could absorb the total volume of grain produced here, a recent General Accounting Office (GAO) study indicates that a small change in the quantity produced tends to have a major impact on the prices received by farmers. A shortfall in world production pushes prices up, while a year or two of relatively good world crops may turn what are actually modest surpluses into price-depressing overloads. Maintaining price stability becomes much more difficult under such circumstances.

Historically, only the United States among the major grain exporters has held sufficient grain stocks to stabilize world supplies and, in this way, prices. In the past, however, prices have sometimes been maintained at levels which proved unacceptable and harmful to many U.S. farmers. The farmer-owned grain reserve system legislated in 1977 has eliminated some of the worst aspects of past surplus-holding systems -- particularly as it puts the choice about final release of reserve stocks into the commercial market in the hands of the farmers themselves, thus providing some protection against the possibility that reserves

might artificially depress prices.* However, the Commission believes that maximum stocking levels are too low to absorb protracted oversupplies, and release prices are set at levels which cause the reserve to return to the market before a true emergency has occurred. Both factors pose a significant threat to farm earnings. Of course, the farmer-owned reserve is not the only factor influencing prices and there is danger in attempting to make one policy instrument address all farm sector problems.

During the coming decade, rising incomes and growing populations of the developing nations will increase world demand for grain, leading the United States and other grain exporters to increase their grain acreage and production. The increased international trade in grains will expose the world food system to devastating shocks unless effective steps are taken now to stabilize grain prices. As a major producer and exporter, the United States has a major responsibility to bring such stability to its own markets.

Other U.S. policies, adopted in response to domestic concerns, have also had important effects on developing world agriculture. In particular, international competition for export sales has prompted the United States to use non-economic means to control perceived threats to domestic farm interests. For example, U.S. soybean producers, concerned with competition offered by developing world vegetable oil producers, have successfully lobbied for legislation requiring the United States to oppose World Bank loans for increasing palm oil production. The United States long delayed ratification of the International Sugar Agreement, which is designed to bring some stability to world sugar prices, and it continues to impose tariffs against certain agricultural imports from developing countries.

This sensitivity to competition reflects the situation facing the U.S. farmer, who must maintain income in the face of continuing inflation in the costs of agricultural inputs. This sensitivity could be reduced if domestic farm policies assured farmers an equitable return on their labor and investment,

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* Commissioners Chapin, Gilman, Leahy and Nolan: "This sentence is wrong. The farmer-held grain reserve system does not place the choice about final release of reserve stocks into the market into the hands of farmers. Rather, the release and call levels, which are set at specific price levels, determine when the grain may or must be released. When market prices reach the release level, storage payments to the farmers cease and they may take their grain out of the reserve -- as occurred this past summer when one-third of the reserve was lost because the release level was too low. When market prices reach the call level, farmers must either take their grain out of the reserve or forfeit it to the government. Penalties exist for early withdrawal; market prices therefore, and not the producers, determine when reserve grain will be released on the market."

comparable to returns in other sectors of the economy. The structure of the international agricultural economy can be expected to change gradually as new producers emerge and older producers shift to other products. In principle, every nation and producer should benefit from the lower costs and higher returns generated by this sort of accommodation, but this adjustment will be resisted unless programs are devised to offset the often painful process of reorienting production.*

Finally, domestic farm policy development must assure the continued viability and productivity of the American agricultural system. Such policies should be sensitive to environmental factors which threaten long-term productivity and economic factors affecting the structure of this nation's farm community. Particular care must be given to maintaining the resource base of fertile soil and adequate water supply to assure abundant food production.

The Secretary of Agriculture has undertaken an in-depth review of the status and condition of the nation's soil, water, and related resources and their ability to produce food and fiber. Alternative programs for the long-term conservation of those resources have also been analyzed. This study has examined current and projected needs for food and fiber for both the domestic and export markets, and

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* Commissioners Chapin, Gilman, Leahy and Nolan: "Another part of this principle which the Commission has already recognized, is that developing nations should develop an agricultural foundation to meet the basic needs of their own populations (See Section I). The Commission has also recognized that inequitable distribution of resources and income is a cause of poverty and hunger (See Section II, Chapter 2). The Commission has concluded that the 'Challenge of overcoming hunger requires increasing the production of food on a self-reliant basis in the developing countries.' In addition, before endorsing any trade reforms or policies, the Commission has recognized that central to its enquiry is the question: Who benefits? As the Commission's Report states, 'Any analysis of trade must ask whether hungry people and poor nations will share equitably in the expected gains from any new policy choices.' (See Section III, Chapter 1)

In this context, the U.S. should not widen its markets to assure larger imports of commodities produced under export cropping patterns which

(a) undermine food self-reliance in developing nations by reducing the amount of food grown for local consumption and

(b) channel the foreign exchange from export crop earnings into the hands of a ruling elite which perpetuates the inequitable distribution of resources and income. Any reforms or changes in U.S. agricultural trade policy therefore should be guided by self-reliant development criteria to make sure that the poor 'will share equitably in the expected gains from any new policy changes.'"

presents information on trends in resource use and condition. Findings indicate that the nation continues to lose its best farmland to other uses. Between 1967 and 1975, about 8 million acres of prime farmland were taken from agriculture--6.5 million acres converted to urban and built-up areas and 1.5 million acres to water areas. Loss of prime farmland forces farmers to grow crops on marginal lands, which usually are more subject to erosion or drought, difficult to cultivate, and less productive. The study also confirms previous estimates that homes, factories, roads, and other similar uses are absorbing rural land at a rate of about 3 million acres a year.

More cropland will be needed to meet domestic and foreign demand in the future. The 1977 cropland base was 413 million acres. An additional 135 million acres have high or medium potential for conversion to cropland. Of this, 40 million high potential acres can be converted to crops simply by tilling them and applying conservation practices to control soil erosion. Most of the 95 million acres with medium potential have one or more soil limitations that must be considered before conversion to cropland. Conversion of any of these acres would mean trade-offs, because the 135 million acres of potential cropland are now in other uses. Of these, about 92 million acres are grazing land and 32 million acres are forest land. Conversion of this land to crops would mean a significant loss in forage and wood-producing areas and, in some cases, wildlife habitat. Increasing farm production 172 percent over 1977 levels by the year 2030 would require using 24 million acres of the 135 million acres of potential cropland, with the accompanying trade-offs. The total value of resources used in production would increase significantly. Significant increases in pesticide use and commodity prices could also be expected. Nevertheless, the cropland potential exists, and with appropriate conservation measures, could be used to increase the U.S. contribution to world food supplies.

The study by the Secretary of Agriculture also revealed that in 1977, 97 million acres of cropland experienced rates of erosion that exceed 5 tons per acre per year from sheet and rill erosion alone. This area is equivalent to the total land in Iowa, North Carolina, and Ohio. Erosion from wind can occur in practically every state, but those hit hardest and most often are the 10 States of the Great Plains. In 1977, for example, the states determined to have the highest average annual wind erosion were Colorado, with an average of 8.9 tons of soil lost per acre; New Mexico, with 11.5 tons per acre; and Texas, with 14.9 tons per acre. Wind erosion is worse in dry years, and worse still after successive years of drought.

Agriculture is by far the nation's biggest user of water, accounting for nearly 83 percent of our total water consumption. Like other segments of the economy, agriculture demands more and more water every year. Unfortunately, replenishment of water supply is difficult. Surface and some ground water is replenished through rainfall and snowmelt, but a considerable amount of ground water is not considered renewable, because it has accumulated over many thousands of years. In some areas, water is being withdrawn with almost no recharge taking place. This "ground water mining" is depleting the nation's water supplies at a rate of 21 billion gallons per day.

World food supplies and the future productivity of U.S. agriculture are also being threatened by the increasing genetic uniformity of major food crops. Many traditional varieties with natural resistance to disease and pests have been replaced by a few new varieties dependent on strong chemicals for survival. Recent trends in seed patenting laws (particularly in Europe) and seed trade also tend to reduce the number of varieties available. The Commission believes that such uniformity is unwise and that the United States should carefully review any proposals for further standardization. The Commission also believes that endangered food crop varieties should be preserved through seed banks or plant preserves.

CONCLUSIONS

The Commission believes that effective grain reserves are a vital component of a secure world food system. Such reserves keep consumers from being priced out of the market when temporary food shortages would otherwise force prices out of reach. They also help to protect farmers from bankruptcies which might be a result of the low prices that occur when supplies outpace demands.* The Commission also sees the need for emergency reserves to provide a ready source of relief supplies for localized emergencies.

In light of these considerations, therefore,

> The Commission recommends that the United States press for an early resolution of issues impeding the establishment of a global system of reserves, and support the efforts of developing countries which might wish to create their own reserves.
>
> The Commission further recommends that the maximum stocking level of the U.S. farmer-owned reserve be increased to 30 million tons of wheat and that the price at which farmers are allowed to sell their reserve holdings be set at a level to preserve the reserve for major international emergencies and to assure farmers an equitable return on their labor and investment.
>
> The Commission urgently recommends the establishment of a Government-held reserve to support P.L. 480 commitments.

The Administration should renew its support for an international system of reserves and prepare its position carefully for the Wheat Council talks in April, stating publicly the critical need for a renewed Wheat Trade Convention

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* Commissioners Chapin, Gilman, Leahy and Nolan: "The reserve will fulfill these objectives if it is properly used, but will do so only until the reserve is depleted."

and indicating this country's determination to achieve such an agreement at the earliest opportunity.

The United States can also play an important role in supporting developing nations' efforts to build their own reserves. Some assistance in stocking is being provided through P.L. 480 and this can be expanded. Also, funding can be provided through the FAO's FSAS. Up to this point, the FSAS has provided financial and technical assistance to less than 20 low-income, food-deficit countries and the United States has made virtually no direct contribution to the FSAS. The Commission believes that the best way for the United States to assist creation of developing country reserves is through the provision of funds for the FSAS and by calling upon other governments to fulfill their own obligations. In this regard, the President should declare U.S. support for the FSAS and announce that this country's contribution will be transferred no later than June 1980.*

Expansion of the domestic farmer-owned reserve should be accomplished at a pace which does not disturb the ordinary functioning of the market or the prudent use of soil and water resources. This accumulation process could be quite swift if planting restrictions are removed entirely until the process is completed. But the removal of all planting restrictions must be accompanied by policies designed to assure that marginal lands are not put into crop production. In the 1973-74 crop year, U.S. farmers plowed up an additional 9 million acres of marginal land, land nearly impossible to protect from soil erosion. Switching to crop production on hard-to-protect acres can undo years of work and hundreds of millions of dollars invested in soil conservation practices.

Adjustments to the release price will require amendment to the 1977 Farm Act. Both the modification of the release price and the increase in the maximum stocking level should be based upon a careful study of the effects these changes

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* Commissioners Chapin, Gilman, Leahy and Nolan: "Several countries are developing plans, in coordination with the FAO, to build national reserve programs. U.S. support for this program should begin as quickly as possible. In addition to financial contributions, the U.S. should provide stocking assistance through P.L. 480 where desirable. Another potentially useful program to assist the stocking of such national reserves is the intermediate-term credit program which is authorized by Congress as part of the 1978 Agricultural Trade Act. Under this program, credit is available on three to ten year terms for the purpose of stocking emergency grain reserves and for building or improving storage, handling, and related facilities. No money has been requested or appropriated for this program in FY 79, 80, or 81. If it were integrated with our assistance under the FSAS and carefully managed so that it would not become a vehicle for dumping cheap grain, however, it could be a useful vehicle for providing much needed assistance and should be funded."

will have on world food security, with a view towards creating an improvement of at least 50 percent in the ability to control sharp price surges.

The importance of the U.S. farm system to world food security is well established. The U.S. system evolved as a pattern of family farms. In recent decades, farm units have tended to increase in size, and there is evidence that large units under absentee management are less efficient than family-run farms. A weakening of the U.S. system would pose a serious threat to this nation and all of the world's hungry.

Therefore:

> The Commission recommends that U.S. farm policy be directed toward enhancing farm structure whereby producers operating small- and medium-size economically productive farms will be assured an equitable return on their labor and investment comparable to returns to other sectors of the economy, and that the Department of Agriculture put greater emphasis upon the conservation of soil and water resources, particularly during periods when maximum productivity is a goal, for the purpose of assuring a strong agricultural system.

The Secretary of Agriculture has already undertaken a full-scale national dialogue to evaluate the impact of all major public policies on farm structure. The Commission applauds this effort and considers it essential that the dialogue include a review of family farm productive capacity, the need for reductions in non-renewable energy usage, improvement in conservation practices, tax reform, and a review of the price support system. In addition, the Commission urges that the dialogue be expanded to include the international aspects of U.S. farm programs and the international implications of current trends in farm structure. Throughout the study, attention should be given to those aspects of policy affecting the viability of moderate-scale farming enterprise in the United States, and steps should be taken to assure that domestic programs and policies do not deprive U.S. farmers of incomes sufficient to ensure their long-term capacity to remain reliable suppliers of food for the United States and for other nations.

As a supplement to the dialogue, the Commission strongly urges that the Secretary of Agriculture immediately proceed with an analysis of energy use in the present American food production and distribution system, especially the use of petroleum products and natural gas. Based on this analysis and projected constraints on energy use, the Secretary of Agriculture should formulate policies for reduction of energy use in the food system and initiate research on possible and feasibly energy alternatives.

NOTE: Additional views on this chapter by Commissioners Chapin, Gilman, Leahy and Nolan appear in Appendix C.

SECTION IV

UNITED STATES EFFORTS TO COMBAT HUNGER THROUGH DEVELOPMENT ASSISTANCE

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The Congress declares that a principal objective of the foreign policy [emphasis added] of the United States is the encouragement and sustained support of the people of developing countries in their efforts to acquire the knowledge and resources essential to development and to build the economic, political and social institutions which will improve the quality of their lives. United States development cooperation policy should emphasize four principal goals:

(1) the alleviation of the worst physical manifestations of poverty among the world's poor majority;

(2) the promotion of conditions enabling developing countries to achieve self-sustaining economic growth with equitable distribution of benefits;

(3) the encouragement of development processes in which individual civil and economic rights are respected and enhanced; and

(4) the integration of the developing countries into an open and equitable international economic system.

1978 Foreign Assistance Act

INTRODUCTION

Few Government programs are as frequently criticized -- and as poorly understood -- as "foreign aid." Since World War II, the United States has

committed substantial resources to international development, and yet the problems of poverty and hunger seem to have grown worse, rather than better, because of stagnant agricultural production, exploding population growth, and persisting inequities. Many Americans have therefore drawn the "logical" conclusion that foreign aid does not work or, at the very least, that their tax dollars are being wasted by inept U.S. bureaucrats, misappropriated by corrupt foreign regimes, and unappreciated by many of its beneficiaries.*

In this context of growing world hunger and disillusion with foreign aid, the Presidential Commission on World Hunger was requested to "review existing authorities and programs, public and private, national and international, which seek to address the problems of hunger and malnutrition." The Commission was asked then to "assess the extent to which those programs are meeting their objectives, and why."

While recognizing fully that development assistance represents only a fraction of all North-South economic interactions, the Commission is convinced that substantial, sustained and highly motivated foreign aid can supplement and often stimulate the host government's own development programs. Consequently, the Commission has sought to identify more precisely where and how U.S. development assistance could "do the most good" within a coordinated strategy for addressing both the immediate crisis of world hunger and its underlying causes. Toward this end, the Commission assessed America's particular strengths -- its reservoir of skills in research, technology and marketing, as well as its human, financial and agricultural resources -- in relation to developing country needs.

The Commission's analysis of the nature, extent and causes of hunger leads it to conclude that U.S. efforts to alleviate hunger must take into account not only food production, rural development and nutrition, but also, broader efforts to promote balanced and equitable economic growth more generally within developing societies. The major challenge ahead is how to provide that assistance in ways

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* Commissioner Stockwell: "While the foreign aid program is indeed frequently criticized because it is poorly understood, it is also often criticized because it is well understood. Some of the legitimate and serious grounds for criticisms are indicated in the findings which follow, particularly 1, 3, 4, 6, and 10. The challenge, in my view, is less that of winning converts to the foreign aid program than of reshaping the program so that it merits the confidence of those who are concerned to help alleviate human hunger." (Also endorsed by Commissioners Chapin, Leahy, Nolan and Simmons.)

that will enable poor nations to link improvements in their productivity with the simultaneous and widespread satisfaction of basic human needs. Moreover, these twin goals will have to be attained in ways that do not excessively deplete natural resources, so that present gains are not achieved at the expense of future generations.

In the Commission's judgment, U.S. development assistance, both bilateral and multilateral, can have its most significant effects on three broad aspects of the war on hunger:

--first, by easing the technical burdens of and institutional barriers to building self-reliant food systems in developing nations

--second, by increasing the earnings opportunities of poor nations and poor individuals, and

--third, in the short run, by providing food and financial resources in ways that will serve, directly and indirectly, to increase food consumption and improve nutritional levels among the very poor.

These broad objectives encompass, respectively, the issues of food supply, food distribution and demand, and food consumption.

The Agency for International Development (AID), the multilateral development banks (MDBs) and many United Nations (U.N.) agencies already support a wide range of activities in each of these areas. Moreover, the basic legislation which governs U.S. foreign assistance has been substantially improved in recent years, and provides the necessary rationale for a wide range of programs targeted both directly and indirectly at the elimination of hunger and poverty.

How effectively are current U.S. development assistance efforts fulfilling their legislative mandate to help "overcome poverty and to assure self-reliant growth in the developing countries by the year 2000"? How would these combined efforts differ if they were focused more sharply on the alleviation of hunger and malnutrition? And what relation would such an approach have to the "New Directions," "trickle-down" or other development strategies?

The fact that the bulk of this discussion is devoted to the bilateral aid program does not mean that the Commission is less concerned about multilateral efforts, but rather that a U.S. Presidential Commission can hope to have a more

immediate and direct impact on those operations which are more directly responsive to United States Government policy.*

FINDINGS AND GENERAL POLICY RECOMMENDATIONS WITH REGARD TO THE U.S. DEVELOPMENT ASSISTANCE EFFORT

FINDING 1: THE U.S. DEVELOPMENT ASSISTANCE EFFORT CONTINUES TO BE SHAPED BY A NARROW CONCEPT OF NATIONAL SECURITY THAT FREQUENTLY CONFLICTS WITH LONG-RANGE DEVELOPMENT GOALS.

Although U.S. development assistance has always been characterized by a mixture of security, economic and humanitarian motivations, most U.S. foreign policy makers still view "foreign aid" primarily as an instrument for advancing the nation's short-term political interests. As a result, the development assistance agency has never been permitted to focus single-mindedly on raising living standards in Third World societies which seldom pose direct military threats to U.S. national security. Hence, some of the neediest countries receive last claim on America's political attention and economic resources.

Foreign policy interests play a major role in determining the allocation of development assistance funds among and within developing countries. Despite rhetorical bows to the "poorest of the poor," more than half the budget for bilateral development assistance goes for "economic support" to political allies of the United States. While efforts are made to assure that these "Economic Support Funds" are as developmentally useful as possible, nevertheless, these funds are allocated without particular regard for the recipients' relative economic need or commitment to equitable economic development. No matter how valid broad U.S. foreign policy objectives may be, in and of themselves, they should not be confused with development assistance objectives; in fact, the two often are in conflict.

The continuing predominance of foreign policy objectives over development goals is also reflected in and aggravated by the dispersion of authority for development-related programs throughout the Federal Government. The International Development Cooperation Agency (IDCA) was established in October 1979, to provide interagency coordination, but was given budget and policy

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* Commissioner Stockwell: "The bilateral emphasis based on the effort to impact those operations most directly responsive to U.S. government policy is understandable. However, antagonists of multilateral approaches and cooperation unfortunately use the related argument that multilateral agencies are not sufficiently controllable by the U.S. The necessary consideration of bilateral assistance must not obscure the importance of our nation's growing participation in multilateral agencies, respect for their decisions, and recognition that these agencies must embody very diversified international participation without the domination or undue influence of the developed nations, particularly the United States." (Also endorsed by Commissioners Chapin, Leahy, Nolan and Simmons.)

responsibility over only AID, the Overseas Private Investment Corporation (OPIC) (governed by its own Board), the Institute for Scientific and Technological Cooperation (assuming that it is established), and voluntary contributions to the principal U.N. development programs. Bilateral development assistance programs are planned and carried out by AID, but the Treasury Department has primary authority for U.S. policies regarding the multilateral development banks, which actually spend more money. Responsibility for food aid programs is so scattered that planning is weak, action is uncertain, criteria are vague, evaluation is difficult and financial responsiblity is unclear. The U.S. Department of Agriculture (USDA) receives food aid funds, but does not fully control their use; AID has a major voice in country allocations, but does not determine the total. The basic governing directive for U.S. food aid programs is still an Executive Order signed by President Eisenhower, and in the absence of a coordinated policy, many decisions are based primarily on budget concerns.

Responsibility for other U.S. policies that affect food-priority countries is distributed among many agencies: trade is the purview of Commerce, State, Treasury, and the U.S. Trade Representative. U.S. participation in the United Nations falls primarily under the Department of State. Defense matters and military assistance come under the Department of Defense, while political-military relations are under both the Departments of State and Defense. Domestic programs that have an impact on developing countries are under the jurisdiction of their respective Cabinet Departments.

The end result is that there is no voice within the United States Government that is either independent or powerful enough to defend long-term economic development goals against competing short-term political or military objectives. The Commission is fully convinced that unless broader concepts of national security are reflected in the institutions of government, short-term political interests will inevitably continue to undercut the long-term global objectives of economic development and the conquest of hunger.

> *We all know well that the areas of misery and hunger on our globe could have been made fertile in a short time if the gigantic investments for armaments at the service of war and destruction had been changed into investments at the service of life.*
>
> *Pope John Paul II*
> *First Encyclical*

FINDING 2: SHAMEFULLY LOW APPROPRIATIONS FOR OFFICIAL DEVELOPMENT ASSISTANCE PREVENT THE PROGRAM FROM ATTAINING ITS OWN--AND CONGRESS'--STATED OBJECTIVES.

When government-to-government assistance programs were initiated after World War II, the United States stood out among donor nations by virtue of the size of its contribution and the high quality of its technical assistance. However, the generosity of the program's early years no longer characterizes the present situation. Both this nation's relative share of worldwide development assistance and the quality of its performance have declined sharply in recent years.

At the peak of the Marshall Plan to rehabilitate post-war Europe, America's Official Development Assistance (ODA) came to 2.7 percent of Gross National Product (GNP). In 1979, that percentage had shrunk to 0.27 percent of GNP, one-tenth of its earlier proportion. During the same period, the annual income of the average American (adjusting for inflation) has more than doubled and the U.S. defense budget has fluctuated between roughly 5 and 10 percent of GNP. Defense outlays currently represent 5 percent of GNP, or 20 times the level of development assistance.

Although the United States is still the world's largest aid donor in absolute terms (as well as the world's largest donor of private assistance), it now ranks behind eleven other Western countries when ODA is formulated as a percentage of Gross National Product. The U.S. definition of ODA includes the bilateral programs -- economic development assistance, economic support funds, food aid, and U.S. contributions to international organizations and the multilateral development banks.

> *Last year the people of the United States lost more money at the gambling tables in Nevada than we have in our development assistance programs. We spend more money on dog food than we do on the 600 million people in the world who are malnourished.*
>
> *John Gilligan*
> *Former Administrator,*
> *Agency for International Development*
> *March 26, 1979*

Neither the Executive Branch nor the Congress has accepted the financial implications of the "New Directions" that the 1975 legislation explicitly

encouraged in an effort to restore the priority the United States accorded to overseas development. Congress has, in fact, regularly reduced even the very modest sums that have been requested for development assistance.

These cuts hurt the very poorest developing nations the most -- those which the World Food Council has called food-priority countries, and which depend heavily on external support for their development. To an increasing degree, the more advanced developing nations are financing many aspects of their own development programs through commercial resource transfers. The food-priority countries, on the other hand, will have to rely on grants or highly concessional loans for about 80 percent of their development capital.

FINDING 3: IN ADDITION TO BUDGETARY CONSTRAINTS, U.S. DOMESTIC POLITICAL CONSIDERATIONS AND SPECIAL INTERESTS DILUTE THE IMPACT OF DEVELOPMENT ASSISTANCE PROGRAMS ON THIRD WORLD SOCIETIES.

Too frequently throughout the history of U.S. development assistance, foreign aid programs have been consciously designed with potential benefits to the U.S. economy at least as much in mind as benefits to the recipient nations. While this may be acceptable when such interests are mutually reinforcing, it is more likely that requiring recipients to purchase goods from more expensive (or more distant) U.S. suppliers, rather than from local firms or other developing nations, will seriously dilute the net impact that each foreign aid dollar can have within recipient nations.

The propensity of domestic economic concerns to take precedence over development goals is aided and abetted by Congress' emergence as a major actor in development assistance. And while the lines between domestic policy and foreign policy are more and more blurred, the Congress, "more equal" now than in the recent past, is still elected from 50 states and 435 districts in which domestic and foreign issues are viewed as quite different -- usually to the detriment of the latter.

At times, the Congressional appropriations process, in particular, works against development assistance. While development advocates are often successful in promoting forward-looking legislation in the authorization stage, the very different interests that dominate the appropriations committees combine to provide less money than was authorized, to attach priorities and restrictions to the expenditure of even that smaller amount, and to continue insisting that about 75 percent of it be spent on U.S. goods and services. In turn, AID uses the existence of these restrictions as a means of demonstrating the usefulness of foreign aid to the U.S. economy. As a result, foreign aid legislation is burdened with constraints that prohibit assistance to certain countries, to certain industries or to certain commodities, although these restrictions seldom if ever have a development rationale.

FINDING 4: THE SHORT-TERM AUTHORIZATION AND ONE-YEAR APPROPRIATION CURRENTLY USED FOR FOREIGN ASSISTANCE IMPEDE RATIONAL PLANNING AND CONSISTENT IMPLEMENTATION OF PROGRAMS--FOR DONORS AND RECIPIENTS ALIKE.

The war on hunger does not coincide with the Congressional appropriation process, nor with year-end reviews of AID programs. Longer time horizons are required to make the U.S. foreign assistance effort more relevant to the inherently long-term task of overcoming hunger and poverty in the developing nations.

Multiyear authorizations would not only improve the planning and implementation of individual programs, but also, would facilitate adoption of longer term approaches to development which offer the best hope of helping to institutionalize self-reliant food systems in developing societies. Such approaches include designing national food plans, undertaking long-term research, training local personnel, and other activities required to build those indigenous institutions which all developing nations will need to further the process of self-sustaining economic growth.

Finally, the use of multiyear authorizations and appropriations would enable more time for impact evaluation which deserves far more attention, in the Commission's view, than it receives now. However, if such studies have to be conducted before inherently time-consuming programs can possibly be expected to bear fruit, evaluation becomes little more than an excuse to cut off funds prematurely.

In light of these first four findings, the Commission has reached the conclusion that the U.S. development assistance effort is neither appropriately organized nor adequately funded to maximize its potential contribution to a worldwide effort to overcome hunger -- despite past and continuing accomplishments of major significance. If the United States is to make the elimination of hunger the primary focus of its relations with the developing world, the Commission is convinced that economic development must become an integral component of U.S. national security policy, in order to assure that development assistance programs receive the political priority and economic backing required to make them truly effective. Accordingly:

> The Commission recommends that the International Development Cooperation Agency be significantly strengthened and that its Director be accorded Cabinet-level status, so that the objectives of ending hunger and providing equitable economic development can be more effectively integrated into U.S. foreign policy and planning.

- The establishment of IDCA in October 1979 represents a step in the right direction but does not, in the Commission's judgment, go far enough. The IDCA Director should have Cabinet-level rank and should have direct access to the President.

- IDCA should have primary responsibility for coordinating U.S. participation in the multilateral development banks (still largely under Treasury Department control), for U.S. assessed contributions to those U.N. development agencies, such as the Food and Agriculture Organization

(FAO) still under State Department aegis; for P.L. 480 (which at present is only partly within the jurisdiction of IDCA), and for the Peace Corps.

- o IDCA should have primary responsibility for formulating U.S. policy guidelines for the lending programs of the International Monetary Fund (IMF). IDCA should also have a stronger role in the formulation of U.S. trade, commodity and investment policies which affect the ability of Third World nations to move toward self-reliant development.

The Commission is also convinced of the urgent need for the United States to increase substantially its share of official development assistance, particularly its allocations to the very poorest developing countries. Consequently:

> The Commission recommends that the United States move as rapidly as possible toward the United Nations' goal of 0.7 percent of Gross National Product as this nation's net disbursement of concessional economic assistance. Appropriations for this purpose should be made available on a multiyear basis, independent of Security Supporting Assistance, and "untied" from narrow domestic economic interests.

- o In order to reach the target of 0.7 percent GNP as quickly as possible, the Administration should adopt as an intermediate target a figure of 0.35 percent, as recommended by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), for assistance to the countries below the cut-off level established by the World Bank's International Development Association (IDA), $625 per capita income in 1978 dollars. This approach would involve doubling present appropriations and shifting allocations away from some countries in which equitable development is not a sufficiently high priority.

  This would also mean a substantial increase in the Administration's next budget submission, with the intent of doubling economic development assistance in constant dollars within a few years. Congress must be prepared to approve such funding requests and the actions of Congress and the Administration should reflect the effects of inflation on such resources.

  But can the United States afford to increase its development assistance, at a time of inflation and pressures to raise military spending? The Department of Commerce has estimated that in 1979, the U.S. GNP increased over that of 1978 by $32 billion in constant dollars. Doubling U.S. official development assistance would require spending about $5 billion more a year. Thus, a doubled aid budget would consume 16 percent of the real increase from 1978 to 1979 of the GNP. It seems frivolous to question the U.S. financial ability to double its development assistance, when to do so would mean taking only this small a reduction in the size of the annual additional U.S. income -- and would, at the same time, enhance the nation's long-term economic interests.

- o Congress and the President should assure that narrow domestic economic concerns and special interests do not interfere with the primary

development objectives of foreign assistance -- which, if attained, will bring long-term economic and political benefits to the United States. Overseas programs should be designed to maximize economic benefits within Third World societies, even when to do so means foregoing short-term economic benefits for particular sectors of the domestic economy.

Specific requirements regarding "tied aid" should be reviewed, relaxed and, in most cases, phased out as rapidly as possible. Recipient nations would then be free to procure needed goods and services from the most convenient and lowest cost sources. Such a policy change would encourage the expansion of developing country industries, by facilitating increased trade and economic cooperation within the developing world. As long as self-reliant development criteria are used, Congress should refrain from imposing limits on the countries or types of projects for which development assistance funds can be used. Current restrictive provisions should be lifted not only from bilateral economic assistance and food aid programs, but also from U.S. allocations to multilateral institutions such as the World Bank and the U.N. agencies.

- The U.S. should also allocate more of its development assistance funds for local costs. By helping to stimulate demand for local industries and services, such a shift in the expenditure pattern of foreign aid dollars would help to strengthen a wide range of indigenous institutions and to expand employment opportunities.

- The President's FY 1982 presentation of the foreign assistance budget to the Congress should include provision for multiyear programming; Congress should authorize foreign economic assistance legislation on a two-year basis rather than annually. This procedural change would benefit both the recipient agencies (by allowing greater programming flexibility) and the Congress (by reducing their legislative workload and making time available for oversight). Under the new Congressional budgetary procedures, the President's annual presentation of the foreign assistance budget is required to include information for the following year. The mechanism, then, is already in place. The second year presentation could be made more specific and a two-year authorization process could be established. The Commission also believes that the concept of a two-year appropriations process for foreign economic assistance legislation should be explored.

The Commission is also mindful, however, that merely increasing current funding levels will not automatically assure that those larger sums will be used more effectively in the war on hunger. The Commission believes that both the effectiveness of programs in improving the nutritional well-being of the poor, and the host government's commitment toward that objective, should figure prominently in subsequent development assistance decisions. Therefore:

The Commission recommends that U.S. development assistance be targeted selectively at poor nations strongly committed to meeting basic human needs and rights, as determined by the application of existing effectiveness criteria.

- o AID has recently established criteria against which it can assess, at least informally, a recipient government's determination to meet the basic needs of its poor majority. These criteria include the extent of participation in economic development by the poor; the extent to which government policies increase the productivity and utilization of labor; the appropriateness of policies to increase small-farm productivity; the extent to which health activities emphasize low-cost, accessible delivery; the extent of attention to accessible family planning services and motivation for smaller families, and the access to education for basic life skills.

  The Commission urges that increased U.S. resources for development assistance be committed on a country-specific basis by using the broad intent of these effectiveness criteria as overall guidelines for allocating foreign assistance. The organizational changes recommended earlier should help significantly to assure that future AID budgets reflect these priorities.

  Some Commissioners further suggest that IDCA and the Congress give consideration to the use of a Basic Human Needs Agreement in the U.S. development assistance program. The purpose of the Agreement would be to ensure that U.S. assistance funds are effectively utilized through projects and programs designed to alleviate hunger. Under such an agreement, the United States and the aid recipient would agree to work together toward specific and measurable development goals in order to provide a mutually acceptable set of expectations that would minimize misunderstandings between the United States and the aid recipient.* Other Commissioners caution that such an agreement, if rigidly enforced, could deprive hungry people of resources when they are needed the most, and urge flexibility in any consideration of this approach.

- o The Commission emphasizes that the increased U.S. funds must focus mainly on the social, economic, agricultural and technical aspects of development assistance and not on security assistance. The bulk of this increase should be specifically allocated for programs and projects -- again on a country-specific basis -- designed to alleviate hunger and poverty and to help the poor become more self-reliant. Every attempt

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* Commissioner Stockwell: "I believe such agreements can be useful, particularly if they encourage developing countries to develop action plans that will truly assist the hungry. Such agreements need not necessarily always be of a bilateral nature; the U.S. should join other developed nations in multilateral discussions which could well be the basis for either multilateral or bilateral agreements related to a given country." (Also endorsed by Commissioners Chapin, Leahy, Nolan and Simmons.) NOTE: An additional statement on this subject by Commissioners Chapin, Leahy, and Nolan appears in Appendix C.

should be made to seek out opportunities to assist and reinforce national efforts to promote land reform, wide participation in decisionmaking, and other local initiatives in support of structural change.

The Commission believes that if the preceding policy recommendations are adopted -- that is, if the U.S. development assistance effort becomes properly organized to support a top priority, long-term commitment to economic development, and is adequately funded to implement that commitment in practice, while selectively targeted at those nations who are themselves clearly committed to overcoming hunger -- not only could more U.S. resources be applied to the war on hunger, but a far greater proportion of those resources would have their intended effects than at present.

FINDING 5: THERE IS A WIDESPREAD PERCEPTION THAT THE NEW DIRECTIONS AID GUIDELINES PRECLUDE SUPPORT FOR INSTITUTION BUILDING AND PHYSICAL INFRASTRUCTURE PROJECTS, AND THAT CAPITAL DEVELOPMENT IS INCONSISTENT WITH A "BASIC HUMAN NEEDS" DEVELOPMENT STRATEGY. WHILE CONSTANT ATTENTION IS REQUIRED TO ASSURE THAT SUCH PROJECTS DO NOT INCREASE DISPARITIES IN ECONOMIC AND POLITICAL POWER, FOREIGN ASSISTANCE PROGRAMS NEED GREATER FLEXIBILITY TO PERMIT SUPPORT FOR SOME ACTIVITIES WHICH INCREASE INCOME AND PROVIDE THE FOUNDATION FOR LONG-TERM AND EQUITABLE DEVELOPMENT, EVEN THOUGH IN THE SHORT RUN THEY MAY NOT BENEFIT THE POOR DIRECTLY.

The Commission sees the New Directions orientation as a major step forward over earlier approaches to development assistance. The central contribution of the new approach is, in the Commission's view, its focus on measuring "success" in terms of actual impacts on the basic needs of millions of poor individuals, rather than in terms of abstract national growth targets which may -- or may not -- result in higher living standards for the poor. The New Directions approach has brought home the understanding that development cannot be said to have occurred unless and until the lives of a nation's poor majority have substantially improved.

Whether a nation's citizens are getting enough to eat -- the most basic human need of all -- is obviously a key determinant of whether that country's development strategy is working or not. However, despite the Commission's specific concern for food and nutrition issues, it is more than ever convinced that national nutritional needs cannot be effectively addressed in isolation from broader social and economic programs that increase overall productivity and the incomes of the poor.

Moreover, the Commission is also convinced that the New Directions goal of meeting nutritional and other basic needs can often be met more rapidly and for larger numbers of people through a combination of means, direct and indirect, rather than through necessarily limited efforts to reach millions of widely dispersed individuals directly. For example, the Commission has concluded that helping to train high-level personnel and put into place the physical infrastructure required for water resource development, transportation, fertilizer plants and food storage will prove essential in the long run if nations are to meet their own social, agricultural and economic needs in a self-reliant

fashion. To neglect upper-echelon training in the name of equity will not help the poor; it will simply perpetuate lack of absorptive capacity and dependence on external aid. If properly conceived, capital development projects can serve as a major source of employment in both rural and urban areas, and provide the foundation for future productivity, employment and self-sustaining economic development.

In the Commission's view, both AID and the Congress, as well as those who are analysts and critics of development assistance, should be less preoccupied with a project's relation to particular development theories, and more concerned with its anticipated effects -- including its indirect effects -- on the living conditions and nutritional status of poor, hungry people. No project's results can ever be predetermined with absolute certainty, of course. However, the Commission believes that reasonable predictions are possible, through careful attention to the local social, economic and political context in which such projects would be carried out, to the host government's macroeconomic policies and commitment to meeting basic needs, and to the power structure and communities directly affected.

FINDINGS AND RECOMMENDATIONS ON WAYS TO EASE THE TECHNICAL BURDENS AND INSTITUTIONAL BARRIERS TO BUILDING SELF-RELIANT FOOD SYSTEMS IN THE DEVELOPING COUNTRIES

FINDING 6: DURING THE PAST DECADE THERE HAS BEEN A SIGNIFICANT DECLINE IN THE AGENCY FOR INTERNATIONAL DEVELOPMENT'S CAPACITY TO DELIVER HIGH QUALITY TECHNICAL ASSISTANCE TO HELP RECIPIENT NATIONS SUSTAIN SELF-RELIANT NATIONAL AGRICULTURAL SYSTEMS. MOREOVER, IN MANY COUNTRIES, AID'S ACTIVITIES FAIL TO ACHIEVE THEIR MAXIMUM POTENTIAL IMPACT UPON FOOD CONSUMPTION BY THE POOR BECAUSE THAT OBJECTIVE IS SELDOM EXPLICITLY INCORPORATED AS A PROGRAM GOAL.

The Commission is concerned not only with the quantity of funds available for development but with the quality of performance of the United States Government agencies selected to carry out development programs. A noticeable decline in AID's effectiveness is attributable to a combination of manpower problems, overly-narrow interpretations of the New Directions mandate to help the poorest of the poor, strong Congressional pressures and, as already noted, serious underfunding of development assistance. The declining quality of U.S. technical assistance is doubly distressing in view of America's wealth of skilled people, scientific expertise and technical "know-how."

Though urgently needed, the recommended doubling of U.S. ODA should not take place any faster than its use can be guided by able and experienced people. Such people are always more scarce than actual funding, in both developed and developing countries. At present, although 60 percent of AID's development assistance program funds are for rural development, food and nutrition, only a small percentage of the Agency's own staff is expert in these fields. Most of AID's senior staff members with professional training and experience in agriculture have resigned or retired, and those in other Government agencies

are increasingly difficult to lure away from their own career development ladders even for periods of temporary duty. Recruiting replacements has also proven difficult because few agricultural specialists with an international career orientation are now being trained at U.S. universities. Moreover, personnel ceilings set by the State Department (which controls the size of AID's overseas staff) and the Office of Management and Budget limit AID's hiring options. In fact, AID has had to agree to reduce its direct-hire staff by another 10 percent before 1985.

Moreover, the New Directions legislation has generated frequent criticism of proposals to help strengthen the institutional infrastructures in developing nations -- to train government planners and middle-level managers, local research scientists, agronomists and extension agents -- on grounds that such efforts involve the United States with local elites, and in ways that often lack immediate or direct payoffs for the poor. Similarly, technical assistance for planning, designing and constructing physical infrastructure projects such as dams or fertilizer plants is often ruled out because of the association of such projects with earlier development strategies. Nevertheless, the Commission sees a continuing need for additional projects of this kind, particularly when they are oriented toward the needs of small-scale producers.

At the same time, the Commission also wishes to emphasize in the strongest possible terms that neither increasing the total supply of available food, creating self-reliant agricultural institutions nor expanding agricultural infrastructure will automatically help the poor to consume more or better food. Technical assistance for rural development is unlikely to deliver its maximum possible nutritional benefits to the poor unless that objective is consciously sought as part of a mutually reinforcing and well-coordinated basic needs strategy.

The strategy outlined in AID's Agricultural Development Policy Paper (1978) explicitly seeks to assist small producers, and begins with the assumption that improved diets will depend on accelerating food production and simultaneously raising incomes. The Commission concurs with the general validity of this approach. However, AID's official priority is still agricultural development, rather than the alleviation of hunger and malnutrition. The Commission believes that AID's rural development programs could do even more to alleviate hunger -- without sacrificing the needed production and income gains -- if they were more consistently formulated with specific consumption and nutritional goals in mind.

Technical assistance for a more consumer-oriented approach to agricultural production might begin by helping the host country to analyze its own national and regional nutrition problems, and to survey existing food consumption patterns of the country's poor. Specific consumption objectives that might then be incorporated more frequently into existing AID agricultural production programs include increasing the production of foods consumed disproportionately by the poor, stabilizing the prices of those commodities, and promoting agricultural production processes which are likely to increase the employment of rural landless laborers.

On another level, U.S. technical assistance could make an enormous contribution by equipping and motivating governments to look more closely at the ways in which alternative agricultural (and other economic) policies will affect food prices, food supply, the demand for different types of labor and, hence, the ability of poor people in both rural and urban areas to feed themselves. U.S. experts in AID, USDA and elsewhere, have already done a great deal to improve the methodological tools for such policy impact analyses, and this is an area in which the United States has a unique contribution to make. There is no guarantee, of course, that governments will always opt for those policies most likely to alleviate hunger. Nonetheless, the ability to demonstrate the differing consumption effects of various policy options constitutes a powerful tool for action on behalf of a nation's malnourished poor.

Finally, the Commission emphasizes that nutritional well-being cannot be improved in the absence of primary health care, adequate sanitation and effective family planning. Therefore, the concept of a self-reliant national food system must extend to these areas.

Activities in each such area can be valuable in themselves. However, when they are focused specifically on malnourished people and are combined in mutually reinforcing ways, such programs achieve far greater nutritional (and other) impacts. Nutrition services -- such as the distribution of food supplements, weaning foods, nutrition information -- are particularly cost-effective, and more likely to reach a larger segment of their target population, when they are integrated into existing programs to deliver low-cost primary health care and comprehensive family planning services. AID presently supports a number of integrated health and nutrition programs, particularly in the field of maternal and child health. However, programs which include all of these components are complicated to plan and implement in the field and have a higher total cost than one-dimensional interventions.

Although some of the Agency's four regional bureaus are already trying to encourage AID programming along these lines, and although all bureaus have been placing greater emphasis on nutrition in the past few years, there are still wide variations in the extent to which individual country programs have made the alleviation of hunger an explicit program goal. At best, the alleviation of hunger is usually seen in project-oriented terms, rather than as a major strategic goal to be attained through long-range, coordinated and cumulative efforts to increase food production, improve primary health care, promote good nutritional practices, and lower birth rates.

It is also worth noting that AID's current effectiveness criteria do not touch directly upon the alleviation of hunger and malnutrition as a major theme nor as a yardstick of progress toward equitable economic development. The Commission recognizes, of course, that if AID's effectiveness criteria were successfully reflected in host government policies, hunger would decline markedly as a result. On the other hand, the Commission believes the process could be significantly accelerated, and far better targeted, if AID were to consider alleviating hunger in more direct and strategic terms.

In short, the Commission concludes that if AID's technical assistance efforts were more routinely geared to establishing or strengthening nutrition, health and family planning services in the form of "minimum basic needs packages," in close conjunction with a consumption-oriented rural development strategy, U.S. technical assistance would often have a far higher and more direct nutritional payoff for the poor than it does today.

FINDING 7: WHILE CONGRESS IS TO BE COMMENDED FOR PASSING LEGISLATION WHICH IS PROPERLY FOCUSED ON BASIC HUMAN NEEDS AND TARGETED TOWARDS THOSE MOST IN NEED, THE CONGRESS MUST ALSO SHARE SOME RESPONSIBILITY FOR THE DECLINING QUALITY OF U.S. TECHNICAL ASSISTANCE.

Congressional insistence on programs designed to reach the poor often neglects the fact that such programs take considerable time to reach their intended targets. The poor cannot be reached without continuing attention to the intermediary institutions and facilities required to deliver assistance to the target group. Such programs take longer to show results, and require substantially more effort on the part of the administering agency and the recipient government to design, manage and implement.

To complicate matters further, continuing legislative exhortations that U.S. funds be used primarily for the "poorest of the poor" are often accompanied by decreases in funding for vital support programs. Such reductions in program expenditures -- on grounds that they do not meet the New Directions criteria -- often underestimate the importance of indirect or support activities required to provide the infrastructure and delivery mechanisms necessary to reach the legislative targets. Further, reductions in administrative expenses, based on occasional horror stories of wasteful or extravagant public officials, severely limit AID's ability to plan, administer, and evaluate its own programs with qualified personnel.

To make matters worse, AID usually overreacts to Congressional criticism, new requirements, or oversight reports, to the point where Agency officials feel compelled to emphasize planning, studying, analyzing, reviewing and evaluating at the expense of actual program management. As a result, most activities (large or small) are subjected to an elaborate review and analysis process that can take anywhere from 12 to 18 months between planning and initial implementation. Corresponding personnel requirements then lead the agency to hire individuals who can manage this process rather than actual projects. This, in turn, causes frustration on the part of field-level technicians and managers, and the consequent loss of highly skilled technical staff. An agricultural specialist who must wait two years to implement a project will be gone before the project is approved. Finally, this entire process of increased legislative requirements and oversight complicated by overreaction on the part of the bureaucracy, severely inhibits AID's willingness to innovate or to risk failure by pursuing new or untried activities. The net result is often sluggish administration, further emphasis on planning and review, and yet another set of legislative requirements arising from Congress' belief that AID programs are not moving quickly enough or reaching their intended targets.

Clearly, AID is caught in a bind from which it can be extricated only by the availability of more and better trained personnel, more funds, better understanding from Congress and the public regarding the varied paths to development, and more leeway to pursue different paths in accord with the highly differentiated needs of individual countries. AID should not be forced to institutionalize the cliché of doing more with less. Rather, the goal of U.S. development assistance should be to fully, effectively and rapidly bring America's unique educational, technical and human resources to bear fully, effectively and rapidly on the problems of hunger and malnutrition.

Therefore:

> The Commission recommends that AID strengthen its own agricultural and managerial competence while simultaneously expanding its reliance on appropriate intermediary organizations for the design and delivery of technical assistance. The Commission further recommends that AID give far more attention to nutrition as an integrating theme for its program activities in agriculture, health care, education and family planning.

Implementation of this recommendation will require a broad range of actions on the part of the institutions involved. While the implementation measures suggested below may entail problems of their own, the Commission believes they would greatly enhance the competence, flexibility and depth of U.S. technical assistance, particularly with regard to the processes required for institution-building and participatory community development, and significantly increase its ability to alleviate hunger and malnutrition.

- Staffing Implications for AID

  Finding and training the right people, incorporating them smoothly into development operations at home and abroad, establishing close working relations with counterparts in developing countries, and carefully designing new projects can be done only at a moderate pace. Only when additional funds are becoming available can the United States begin to hire its new people, let alone ask developing countries to divert scarce manpower to work with AID and international organizations in project preparation. All this is an argument for wisdom in place of speed but appropriations sooner rather than later.

  The Commission stresses that new development assistance personnel should not all be long-term direct-hire staff of AID; short-term assistance to strengthen the linkage between agriculture and nutrition should also be sought. Moreover, development economists and people with management training are badly needed, as well as technical specialists in various aspects of rural development.

o Expanding the Role of Private and Voluntary Organizations (PVOs)

Private, non-profit organizations have proven to be among the most effective practitioners of the basic human needs development strategy at the grassroots level, according to a 1978 AID-funded evaluation of PVOs in foreign aid. Consequently, the Commission feels strongly that helping to increase the involvement of PVOs is one of the most important ways in which the United States Government can actively promote participatory, self-sustaining and self-reliant development overseas. Moreover, the increasing demand for PVO services by host countries (as well as by international donors) indicates that such steps would be warmly welcomed by precisely those developing nations most committed to alleviating their own hunger problems.

Increased reliance on PVOs could also help to mitigate some of AID's current personnel constraints and enable AID to stretch the effect of its own funds to some extent, as PVOs can mobilize considerable sums of money from private donors. Moreover, because PVOs enjoy such a high degree of respect and trust (a fact that was highlighted by a Commission-sponsored public opinion poll), this collaborative approach might well increase overall public support for development assistance.

Of the estimated 400-500 American PVOs involved in some form of overseas work, approximately 100 now receive some support from AID. Since the introduction of the New Directions legislation in 1973, AID's funding to the development programs of the PVOs has increased substantially (from $39.4 million in FY 1973 to $163.3 million in FY 1979), and AID is continuing to work out new ways of collaborating with the PVO community. For example, recent AID grants have helped selected PVOs to improve their technical and managerial capacity -- and, hence, to become far more effective as development agencies than they were before in their largely relief efforts.

These AID programs should be regularly expanded and extended for present organizations, and additional groups should be helped to qualify for such funds. At the same time, PVOs should be encouraged to develop more technical competence themselves, by building on existing organizations to form a "talent bank" and by making more extensive use of indigenous personnel.

AID is presently reviewing and revising still further its relationships with the PVO community. There is a continuing tension between the PVOs' desire to maintain maximum independence from AID regulation, and the Government's desire to assure reasonable public accountability. Steps to ease this tension and thereby to encourage more extensive PVO collaboration with AID would include retention of only those restrictions deemed essential for proper public accountability (which the Commission and PVOs

themselves still believe is required) and more frequent use of "collaborative evaluations."

The Commission believes it is also important to recognize the limits to the role that PVOs can be expected to play. PVO programs are generally small in scale and localized in their impacts; they cannot, therefore, attain the same economies of scale or broader planning perspectives which can be better realized through national or regional institutions. However, although few PVOs would themselves wish to assume a major role in management and project design at the macrolevel, there is still substantial room for PVOs to expand their activities within the larger U.S. development assistance effort. By 1985, PVOs could probably double the amount of AID funds that they can administer effectively, with little strain or fear of exceeding their absorptive capacity.*

o Making More Effective Use of Expertise Within United States Government Agencies

The shortage of technically trained personnel within AID could be offset considerably by wider use of staff on loan or "detail" from other Government agencies. While procedures are in place to provide for the transfer of personnel from one agency to another, the use of such arrangements falls far short of its potential. Many United States Government agencies and Departments have expertise that could usefully be "borrowed" by AID in its own programs. However, employees in other Government agencies are frequently reluctant to go overseas, because they may lose their tenure and access to available positions within the "parent" agency upon their return from overseas duty.

The Commission urges IDCA to initiate discussions with relevant agencies such as USDA, the Department of Health and Human Resources (formerly the Department of Health, Education and Welfare), and the Office of Personnel Management in order to explore ways in which recent Civil Service reforms can facilitate the use of personnel from other agencies in development

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* Commissioner Stockwell: "Two comments on PVOs: (1) There are many differences between PVOs. Some are deeply committed to people's participation in their own development and understand the structural factors that underlie hunger, while others (including some heavily funded by U.S. government aid) are largely palliative in their services and counterdevelopmental in their policies. Thus, careful discrimination in the provision of support for PVOs is essential. (2) Often government sees PVOs as channels through which to carry out government policy. Understandable as this may be from a governmental perspective, I believe it is important to underline governmental respect for the freedom of PVOs, thus ensuring the potential greater good of experimentation, innovation, critique of governmental policies, and the essential nature of voluntarism with wide participation by many." (Also endorsed by Commissioner Chapin, Leahy, Nolan and Simmons.)

assistance activities. The Commission also encourages IDCA to take advantage of the newly established Senior Executive Service in this context.

o Maximizing the Nutritional Benefits of U.S. Technical Assistance

Congress, IDCA and the Administrator of AID should influence AID's regional bureaus and country missions to give far more attention to the alleviation of hunger as a strategic objective of U.S. development assistance. We are convinced that progress on this front would have crucial multiplier effects throughout the entire development process that all AID programs seek to promote. Increasing the food consumption and nutritional well-being of the poor should become the primary objective and organizing principle -- rather than a hoped-for by-product -- of U.S. technical assistance for agricultural production and integrated rural development.

In this context, additional support should be given to efforts undertaken by AID's Office of Nutrition, the Institute for Scientific and Technological Cooperation, the U.S. Department of Agriculture's Nutrition Economics Group, developing country officials and international organizations to further develop and apply the appropriate analytical tools for assessing the nutritional impacts of alternative public policies, particularly in the context of national food plans. AID should also contribute essential technical assistance as well as funding for the formulation of such plans, in cooperation with local officials, other donors of foreign assistance, and international institutions such as the World Bank and the World Food Council.

The Commission also urges AID's continued support for family planning programs. In the short term, increased U.S. aid and more liberal trade policies, even if accompanied by similar actions by other donors and increased efforts by developing countries themselves, will still be unable to provide the number of productive jobs needed in most developing countries to eliminate the poverty that causes hunger and malnutrition. Nor can food production be increased to feed millions of new mouths, without damaging essential but limited resources of soil, water, and energy or without raising food costs beyond the reach of the very poor. Therefore, the Commission recommends that a major portion of the new AID funds should be made available (through public and private channels) to help governments and people understand the importance and the possibility of reducing family size, and to help finance culturally acceptable contraceptive means in conjunction with the other social and economic measures required to achieve their national population goals as rapidly as possible. The Commission applauds IDCA's decision to increase AID's FY 1981 budget request for family planning programs, and urges Congress to appropriate the full amount.

FINDING 8: A FAR GREATER COMMITMENT OF FUNDS AND QUALIFIED PERSONNEL, AS WELL AS A BROADER CONCEPT OF INTERNATIONAL COOPERATION, WILL BE REQUIRED BEFORE U.S. INSTITUTIONS OF RESEARCH AND HIGHER LEARNING CAN MAXIMIZE THEIR POTENTIAL CONTRIBUTION TO THE WAR ON HUNGER.

The Commission wishes to emphasize one particular area of technical assistance where the United States could play a significantly greater role. U.S. colleges, universities and research facilities provide a unique reservoir of scientific talent that can help Third World nations attain their own development and nutritional goals. While this system cannot and should not be duplicated around the world, much of America's expertise is adaptable to other circumstances -- as has been demonstrated during the three decades of the U.S. foreign assistance program.

The recent decline in foreign aid support for the international activities of U.S. institutions of higher education has been particularly marked in the area of research. In 1977, the National Academy of Sciences completed a six-volume report which analyzed the ways in which U.S. research capabilities could better be applied to the problem of world hunger. Taking this report as its own point of departure, the Commission has tried to determine the extent to which the National Academy's recommendations are being implemented. The Commission's assessment is anything but heartening. While some of the recommended intraagency organizational changes have been made, the Commission's principal conclusion is that, overall, very little progress has been made thus far in redirecting U.S. research capabilities toward the food and nutrition problems facing the developing countries.

Three underlying and interrelated problems are responsible for this discouraging state of affairs. First, Government support for non-military research has actually declined precipitously in the last decade, despite assumptions to the contrary. This trend is especially true in agricultural research and alarmingly true in externally oriented, food-related research. Perhaps the only exception to this trend has been U.S. contributions to the International Research Centers; however, research conducted by U.S. institutions decreased substantially. Within USDA's Science and Education Administration, for example, only 2.4 percent of the FY 1979 budget went to international research, and most of this modest sum was directed toward research and scientific exchanges affecting other industrialized countries and the middle-income developing nations.

The lack of funds is particularly disappointing in the case of AID's Board for International Food and Agriculture Development (BIFAD), for in theory at least, the existing Title XII legislation provides the mechanism for mobilizing the research capabilities of the land-grant college and university network. BIFAD has, for example, devised a new Collaborative Research Support Program (CRSP), which AID is now implementing. This arrangement is unique in that it requires participating U.S. agricultural universities to match grant funds with at least 25 percent non-Federal funds, and to conduct principal research activities within the developing nations themselves. Despite these programs, however, appropriations for research under BIFAD auspices have never amounted to more than $15 million in any one fiscal year. Moreover, this amount has had to come from AID's overall budget and has therefore had to "compete" with other AID priorities.

A second issue concerns the failure to recognize the long-term commitment required to facilitate the shift of our best scientific talent to developing countries. One can not expect meaningful results to occur if American scientists, working with their counterparts in developing nation settings, are not given adequate time and funding guarantees to establish and carry through their collaborative research efforts. This predicament was summed up by one eminent American food scientist who told the Commission that he would not presently advise any food-priority country to count on the United States for help in developing that country's indigenous research capabilities, because there could be no guarantee of adequate and sustained support over the long term.

Third, the structural and institutional biases of U.S. research do not necessarily coincide with the research needs of the food-priority countries of the developing world. Therefore, more than money alone will be needed to do the job. In assessing the potential of U.S. institutions of research and higher learning as vehicles for helping hungry people overseas, several factors must be kept in mind: (1) The U.S. research system, including the land-grant colleges, is addressed almost entirely to increasing agricultural production; it is not particularly concerned with the distribution or the consumption of food.* (2) The U.S. agricultural research and extension system evolved in a country with vast areas of hitherto unfarmed, fertile, rain-fed land and with a relatively small but generally literate population. (3) This system was significantly subsidized by the Federal and State governments, at a time when farmers constituted a powerful voting bloc. (4) As public funding for food-related research has decreased, the pool of available research scientists has markedly diminished, with the result that roughly half of all agricultural and nutrition scientists are now employed in the private agribusiness sector.

By contrast, the research needs of the developing countries are vastly different from the normal thrust of domestically oriented agricultural research. There is wide biological variance between the temperate agriculture of the United States and the agriculture of the tropical and semiarid regions of the developing world; the knowledge base about many aspects of developing country agriculture is still quite limited. However, the geographic and climatic conditions of some areas of the United States (e.g., Hawaii, Florida and Puerto Rico) parallel the conditions found in many food-deficient nations and in these areas, facilities and administrative structures are in place to help address food production and nutritional problems of the tropics and subtropics. In this regard, the Commission calls attention to the authority existing under Section 406 of P.L. 480 (89-808) to conduct research in tropical and subtropical agriculture, an authority that has received only minimal funding since its passage.

In the Commission's view, U.S. researchers in the physical, biological and social sciences can most effectively assist the growth of self-reliant food systems overseas by linking up with counterparts in food-deficit countries to

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* Commissioner Wharton: "My colleagues in Colleges of Human Ecology, Institutes for Family and Child Sciences, Departments of Food Science and Nutrition, Departments of Agricultural Marketing and Schools of Packaging would strongly disagree."

carry out joint research on site, including policy-oriented research pertaining to the "demand side" concerns of economics, sociology and anthropology.*

Research alone will not be sufficient. A self-reliant food system in each developing country requires a set of local institutions which can continually address the ever-changing issues and problems of food and nutrition. Each developing country must ultimately achieve the capability of self-reliant problem-solving and knowledge delivery to farmers and the poor majority. Only in this way can a modernized agriculture and rural life be sustained. The human and institutional capability must exist which can identify local problems, devise their solutions, and deliver the answers to the point of need. U.S. institutions of higher learning can help develop these needed capabilities, locally adapted, so that each nation achieves a self-reliant capability.

Accordingly,

> The Commission recommends increased Federal, State and university funding for internationally oriented research on food and nutrition, and a corresponding commitment to redirect U.S. scientific talent toward the food and development problems of the developing countries through programs designed to help create or strengthen indigenous agriculture and research institutions in those countries.

In order to build a sound basis for subsequent action, the Commission urges Congress, the universities and the State legislatures to accept the budgetary implications for research of a renewed U.S. commitment to international development. Increased funding, however, should not come at the expense of other means of undertaking food and agriculture research, such as Title XIV legislation and formula (Hatch) funding for agricultural experiment stations.

The Commission commends BIFAD'S efforts to establish the Collaborative Research Support Program, and advises the continuation and expansion of such grants, as well as their extension to additional institutions beyond the land-grant complex. At the same time, it urges Title XII institutions to supplement their already strong production orientation with far greater attention to issues of food consumption, distribution and demand. U.S. universities must also give full consideration to the international experience of faculty and staff within their institutional structures of incentives and promotions.

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* Commissioner Mayer: "It should be noted that aquaculture, which has reached a high point of development in Taiwan and Japan, represents the greatest area of potential growth in the world supply of high quality protein food. Aquaculture is eminently adaptable to small-scale agriculture in developing countries, but both greater government direction and funding are necessary if aquaculture is to help meet the protein needs of the world's poor." (Also endorsed by Commissioners Gilman, Schneider and Simmons.)

In conjunction with AID and host governments, the Title XII universities are presently involved in designing and implementing long-term institution-building projects in a number of countries. However, it is the Commission's judgment that AID is still not placing adequate priority on these activities. Therefore, the Commission strongly urges AID to step up its investment in the development of human and institutional resources by rapidly increasing the number of projects whose primary purpose is to help create or strengthen indigenous agricultural institutions. The Commission also believes that the scope of Title XII should now be extended to additional universities including private institutions, with demonstrated capabilities in the physical, biological and social sciences related to food and nutrition.

Notwithstanding its support for BIFAD's activities, the Commission feels that efforts to mobilize efficiently the research talents of this country are best embodied in current attempts to establish the Institute for Scientific and Technological Cooperation. The key to ISTC's potential importance and uniqueness lies in its semi-autonomous status, its emphasis on putting American scientists in the Third World nations, and its potential for assuring longer term support to its research undertakings than is now possible.

Moreover, the scope of ISTC would permit it to go beyond the range of BIFAD and initiate research in the parallel fields of health and population, energy and environmental issues (such as deforestation, desertification and soil erosion). All of these fields have a direct bearing on the nutritional status of the poor.

Additionally, the Commission urges continued support for the International Research Centers and for the coordinating role of the Consultative Group on International Agricultural Resarch (CGIAR). The Commission further encourages CGIAR to consider adding a nutritional research component to its goal-setting tasks for the various Centers. BIFAD and ISTC should also explore with CGIAR and the international centers the possibility of using U.S. scientists in the extension activities of the Centers, thereby deploying U.S. scientists more rapidly within developing countries and promoting CGIAR's stated objectives of establishing national research centers in the developing countries themselves.

Finally, the Commission encourages the Office of Science and Technology Policy to continue its efforts to oversee the international development research by Federal agencies. The Commission is convinced that only with a "top-down" commitment at the highest levels of research management can U.S. involvement be most efficiently mobilized, well coordinated, and effectively sustained.

FINDINGS AND RECOMMENDATIONS ON WAYS TO INCREASE THE EARNINGS OPPORTUNITIES OF POOR NATIONS AND POOR INDIVIDUALS

FINDING 9: LAND TENURE POLICIES IN MANY DEVELOPING COUNTRIES SEVERELY RETARD FOOD AND AGRICULTURAL PRODUCTION AND DISTRIBUTION.

The White House World Hunger Working Group emphasized in 1978 that inequitable land tenure patterns tend to increase and perpetuate tenant farmers' indebtedness to landlords and to maintain a less than optimal use of farm land. Poor tenants are able to realize few of the benefits from agricultural development programs. In Latin America, small farmers constitute more than four-fifths of the agricultural population, yet they work only one-fifth of the land. In South Asia, four-fifths of the agricultural population work 31 percent of the land. In Bangladesh, 90 percent of the land is tilled by peasants. Although land reform is essential to rural development in many parts of the world, it is politically difficult for developing country governments because existing land tenure systems reflect the power structure in the countryside.

The importance of agrarian reform for rural development was accepted by all countries, including the United States, which were represented at the World Conference on Agrarian Reform and Rural Development held in 1979. In the opening session of that conference, U.S. Ambassador Andrew Young stressed the importance of agrarian reform in the battle to eliminate hunger, improve productivity, and secure human rights for the world's poor. "Productive land, equitably owned, is the basis for national economic security, as well as for governmental stability," he said. He pledged that the United States would help to provide the resources and services necessary to support land reform initiatives in the developing world.

Congress, too, affirmed the need for a U.S. land reform policy at about the same time. In its report on the 1980 Foreign Assistance Appropriations bill, the House Appropriations Committee noted that "In the developing world 500 million people make their living by farming land which they do not own -- as tenants, sharecroppers and agricultural laborers...the landless or near landless constitute the majority of the rural population in Bangladesh, India, Indonesia, the Philippines and Sri Lanka, and a large percentage of the total population in most other countries...The Committee is of the opinion that without land reform (a) equity oriented AID projects will be difficult to develop and implement; (b) the overall growth of agricultural productivity and food production will be constrained; (c) owners of small farms and the rural poor will not benefit from rural development; and (d) there will be little hope for equitable redistribution of land without the danger of violence and the destruction of civil and political rights."

Consistent with its already expressed view that agrarian reform is vital to the development process in many developing countries, the Commission recommends that:

> The United States should support agrarian reforms both directly and indirectly through bilateral and multilateral food and development assistance programs. It should also support a multilateral institution or arrangement that would provide capital and technical assistance to facilitate changes in inequitable land tenure patterns.

FINDING 10: DESPITE THE PRESSING NEED TO EXPAND EMPLOYMENT OPPORTUNITIES, TO MAKE EXISTING JOBS MORE PRODUCTIVE AND TO FACILITATE HIGHER INCOMES AS THE SUREST MEANS OF INCREASING THE EFFECTIVE DEMAND FOR FOOD, THESE OBJECTIVES HAVE NOT BEEN GIVEN ADEQUATE PRIORITY WITHIN THE U.S. DEVELOPMENT ASSISTANCE EFFORT.

Most analysts agree that the expansion of employment opportunities depends primarily on the macroeconomic policies of individual governments, such as interest rates, foreign exchange controls, pricing and subsidy policies, trade and business regulations. Frequently, national policies in these areas encourage the development of capital-intensive industrial projects and are biased against small-scale, more labor-intensive activities in rural and urban areas. Discrete projects aimed at specific target groups are usually "drops in the bucket" and do little to modify structural factors which separate poor, marginal groups from the economic mainstream. In most cases, a sustainable improvement in the employment conditions and consumption levels of poor families can only come about through a reorientation of the host government's entire planning and development process. Accomplishing this objective will, in turn, require a more equitable and supportive system of international economic relations.

Within this context, external development assistance can play only a marginal, but sometimes catalytic role in the employment policies of developing nations. Many current AID programs in agriculture, rural development, education, health and family planning have beneficial impacts on host country employment strategies. AID also provides technical assistance directly to ministries of planning to strengthen the information base and capacity for employment-oriented macroeconomic planning. However, there has been no agencywide strategy to relate these components to an "employment focused" development policy, particularly in the food supply sector where nearly two out of three U.S. development assistance dollars are invested.

The Commission also notes additional factors which limit AID's ability to expand its efforts in this field. Labor market statistics and reliable information on income-generating projects are hard to obtain. Integrated rural development programs often overlook grassroots organizations such as tenant farmer unions and self-help community organizations, as well as indigenous private sector firms, which could maximize worker participation. In addition, technical expertise is scarce in the labor employment and business administration areas. The U.S. Department of Labor was for many years the primary source of expertise concerning overseas labor and employment programs. Current AID emphasis on the needs of the very poor in developing countries (with a primary focus on rural labor markets) means that lessons drawn from the U.S. experience are less relevant and that new sources of technical support must be established.

AID has not issued a comprehensive policy statement in the field of labor and employment since the New Directions legislation. Although research is being done on a scattered basis throughout the Agency, there has been little effort to

synthesize this research and to disseminate the ideas that have been generated. There are no guidelines for measuring the employment impact of projects or to ensure the use of appropriate capital-saving techniques to facilitate labor-intensive employment strategies. Additionally, there are only very limited guidelines for incorporating these objectives in country development strategy statements. According to a recent AID Task Force report, "There is a general lack of understanding about the nature of labor and employment programs and the relationship of such programs to AID's development objectives. Additionally, there are many misconceptions about the delegation of functional responsibility for such activities, sources of technical support service and the types of services and activities which can contribute to AID objectives."

Nor has AID yet articulated a comprehensive program for promoting the use of available low-cost technologies in countries or regions with severe unemployment problems. Consequently, field personnel are largely unaware of existing technological packages which could increase agricultural productivity without cutting back jobs. AID's projects in research, training, and extension provide useful though still underutilized channels for promoting more widespread adoption of these technological packages. The Commission believes that AID should be encouraged to increase its own work in this area and to increase its support of private sector organizations, including voluntary agencies, which can aid in the delivery of these packages.

Since increased purchasing power based on productive market and employment opportunities is a key link between higher food supply and demand, the Commission recommends that:

> The International Development Cooperation Agency and the Agency for International Development should give increased emphasis to integrated policies and programs to improve the employment and income earning opportunities of the poor, starting with, but not limited to, the food supply sector. The Commission further recommends that the Congress, in legislation, and IDCA, through appropriate policy directives, give explicit recognition to the development and dissemination of capital-saving technologies as an important program area.

o Accomplishments of these objectives will be difficult and actions will have to be accompanied by sufficient funding and manpower allocations:

  --The Congress should amend the Foreign Assistance Act of 1961 to include language designating employment (and market) creation as a chief objective of U.S. development assistance activities, bilaterally and multilaterally.

  --AID should rapidly develop and implement a program to increase the dissemination of knowledge and hardware of capital-saving technology to its overseas missions.

--The Institute for Scientific and Technological Cooperation should make research and development of capital-saving technologies for use in developing countries one of its primary program objectives.

--Title XII institutions should be encouraged to devote a larger proportion of their technical and financial resources to developing capital saving technologies and to policy-oriented research, emphasizing programs to effectively improve the employment and income of the poor.

--The U.S. representation to the international organizations and multilateral development banks should continue to urge those institutions to give greater emphasis to programs and policies which encourage job and market creation and the utilization of capital-saving technology.

FINDING 11: DURING THE PAST FEW YEARS THE WORLD BANK HAS UNDERGONE SIGNIFICANT SHIFTS IN ITS DEVELOPMENT EMPHASES AND LENDING ACTIVITIES. THOUGH PROBLEMS REMAIN, THE BANK IS INCREASINGLY A MAJOR FORCE FOR THE TRANSFER OF RESOURCES FOR BUILDING SELF-RELIANT FOOD AND AGRICULTURAL SYSTEMS IN THE DEVELOPING COUNTRIES.

Virtually all U.S. development assistance funds for investment in agricultural and industrial infrastructure are now channeled through the multilateral development banks, particularly the World Bank. However, this was not always the case. The United States used to finance a variety of large-scale capital development projects such as dams, ports, power stations and highways. Now, with the Congressionally mandated New Directions foreign assistance guidelines, priority attention has been given to smaller scale projects in agriculture, rural development, health, population and education. With the exception of several notable projects financed under the Economic Support Fund, relatively few large-scale capital infrastructure projects are currently supported by the American bilateral program. In turn, the Banks have become the world's predominant supplier of public capital (as well as technical assistance) for fertilizer manufacturing, water resource development and road networks in rural areas, and for water supply and waste disposal systems in urban areas.

In view of the World Bank's contemporary role as the world's largest source of development aid ($10 billion in 1979), the large share of U.S. funds for economic development assistance that is now channeled through the Bank (about 25 percent), the recent deemphasis on large-scale capital-intensive projects within the U.S. bilateral program, and continuing Congressional urging that the Bank make additional efforts to direct more of its assistance to the poor, the Commission has tried to evaluate the impact of Bank activities on world hunger--in order to determine the appropriateness of present funding levels and other U.S. policies toward the multilateral development banks.

As simplistic assumptions about trickle-down development have been laid to rest, the Bank has been in the forefront of those who have tried to rethink past approaches and learn from previous mistakes, while still building on progress

achieved in the past. In recent years, the Bank has taken a number of important steps to assure that at least a significant portion of its loans will have positive impacts, direct and indirect, upon the poor. Since the bulk of impoverished people live in rural areas of the developing world, this reorientation has meant a greatly increased emphasis on agricultural development. It has also meant a substantial effort, despite the Bank's earlier opposition to "soft" lending, to promote major resource transfers to the poor countries on highly concessional terms. In addition, due to a number of internal reforms, more Bank projects are beginning to be designed and evaluated with the needs of low-income farmers and the urban poor in mind.

Despite these changes, the Bank's ability to assist the poor continues to be limited by powerful constraints. Foremost among these constraints is the low level of funding provided by member nations -- particularly the United States -- to the International Development Association, the Bank's concessional lending arm. Currently, less than a third of total MDB lending is on concessional terms, and only a fraction of the World Bank's non-concessional lending (7 percent in the 1975-78 period) went to the poorest nations--which have at least equal difficulty negotiating loans from private commercial banks.

Additional limitations include the normal commercial pressures on any banking institution to minimize lending risks, incentives to make large loans rather than many small ones, and the need to rely heavily on known technologies and existing social structures in the implementation of the large-scale projects for which the Bank has acquired a reputation for excellence in design, management and implementation. Finally, some senior officials within the World Bank are still highly skeptical about the efficacy of development strategies oriented toward the poor majority, and are less than enthusiastic about the Bank's recent efforts (sometimes at the urging of the U.S. Congress) to move in this direction.

The Commission also recognizes fully, however, that all international development institutions -- and even domestic U.S. poverty programs -- have encountered enormous difficulties in directly reaching the poor. The Bank is trying, moreover, to perform the dual functions of a financial institution and a development agency. Nor can the Commission identify any governmental institution -- bilateral or multilateral -- that is likely to replace the Bank as the world's major supplier of the capital and technical expertise which will continue to be needed for years to come throughout the developing world. Without the substantial resource transfers now available only through the multilateral lending banks, poor nations beset by inadequate investment budgets and balance of payments constraints will be forced to pursue development strategies that put less emphasis on meeting the food and other basic needs of the poor.

On the other hand, the Commission feels most strongly that the United States should continue its pressure on the Bank to make its lending as beneficial as possible to the poor, within the context of global efforts to alleviate hunger.

At the very least, the Bank should exercise special care that its activities will have no indirect adverse effects upon the living standards of a nation's poorest 10-20 percent. Therefore,

> The Commission recommends that the United States continue to support changes within World Bank practices that facilitate the meeting of basic needs, encourage sensitivity to structural concerns and increase the U.S. contribution to the Bank's supply of capital for concessional loans to the neediest nations.

- The strongest form of encouragement that the United States could provide to induce the Bank to extend its own efforts on behalf of the poor would be to increase the size of the U.S. contribution to IDA. The U.S. contribution is particularly crucial not only because it is the largest single input to IDA, but also because a number of other donors relate the size of their own contributions to U.S. funding levels.

  At the present time, the United States is actually in arrears to IDA. Passage of the FY 1980 budget significantly reduced this arrears gap. The Commission urges Congress now to pass the full replenishment for IDA included in the FY 1981 budget presentation, thereby eliminating the remaining U.S. arrearage.

- The Commission urges Congress to refrain from further attempts to "earmark" funds for the multilateral development banks, on grounds that such efforts threaten long-range U.S. interests by undermining multilateral cooperation. Present legislation, for example, directs U.S. representatives to the MDBs to "oppose any loan or other financial assistance for establishing or expanding production for export of palm oil, sugar or citrus if such loan or assistance will cause injury to U.S. producers of the same, similar or competing agricultural commodity." In 1978 the United States opposed three loans by the Bank because of such concerns.

  By definition, international organizations place contributions from all donors into a single pot. If individual donors were permitted to impose special restrictions or seek special favors, the multilateral character of such institutions would be destroyed. Once the United States has determined that the multilateral framework offers particular advantages for the disbursement of development assistance (a view which the Commission strongly endorses), it should accept and abide by the limitations inherent in the international character of multilateral organizations.

- U.S. representation to the World Bank should encourage the Bank to focus more of its energies and resources on ways to implement asset redistribution in countries where such policies are essential to achieving equitable growth. The Bank should also devote an increased percentage of its lending to projects

designed to benefit small farmers and landless laborers. Finally, the Bank's agricultural production and rural development projects should reflect the same consumer orientation that the Commission has recommended for AID's efforts in this realm.

FINDINGS AND RECOMMENDATIONS ON PROVIDING FOOD AND FINANCIAL RESOURCES IN WAYS THAT WILL SERVE, DIRECTLY AND INDIRECTLY, TO INCREASE FOOD CONSUMPTION AND IMPROVE NUTRITIONAL LEVELS AMONG THE VERY POOR

FINDING 12: ALTHOUGH THE AGGREGATE IMPACTS OF U.S.-SPONSORED NUTRITION INTERVENTIONS ARE DIFFICULT TO DETERMINE, MANY OF THESE PROGRAMS ARE MEETING VITAL NEEDS THAT WILL OTHERWISE NOT BE MET FOR AT LEAST A GENERATION. HOWEVER, THE SCALE OF EXISTING PROGRAMS IS EXTREMELY SMALL IN RELATION BOTH TO THE NEED AND TO THE POTENTIAL OF BILATERAL (AND MULTILATERAL) AGENCIES TO EXPAND THEIR OPERATIONS IN THIS AREA.

Although specific nutrition interventions are no substitute for social and economic progress, vigorous and participatory economic development programs can hardly be sustained as long as millions of people are afflicted by severe malnutrition. To bring malnutrition under permanent control will require consumer-oriented food production programs, combined with broad national economic policies to raise the incomes of the poor. However, such efforts will begin to take effect only gradually, progress will inevitably be uneven, and some geographic areas and target groups will benefit before others. In particular, the Commission emphasizes that the majority of the world's malnourished are not small farmers, but landless agricultural laborers, low-paid rural and urban workers, and the unemployed. This very large group of severely malnourished people will benefit only indirectly from efforts to help small farmers increase their food production.

Moreover, nutrition cannot be counted upon to "take care of itself," even when food supplies and incomes begin to rise. In many parts of the world, a wide array of local beliefs, sometimes combined with established ways of distributing food within families, adversely affects the nutritional well-being of the most vulnerable groups.

Consequently, in addition to AID's long-range economic development efforts, other programs seek to provide more immediate relief from hunger and malnutrition even within the constraints of poverty. These activities include supplementary feeding programs, nutrition education and surveillance, food fortification to correct specific deficiencies in the local diet, complementary health programs, and various efforts to subsidize food consumption by the poor.

This category of activities can have a number of advantages. Such programs -- especially those which focus on mothers and children -- are usually attractive to governments representing a wide political, economic and cultural spectrum. Moreover, they may be able to achieve meaningful results even in the absence of more fundamental efforts by the host government to alter existing political and economic structures. Food subsidy and distribution programs, in particular,

sometimes constitute the most politically palatable approach to the redistribution of effective income.

Despite the actual and potential benefits conferred by many bilateral and multilateral nutrition interventions, however, the Commission finds it exceedingly difficult to assess these programs' overall impacts on the nutritional status of their intended beneficiaries -- whether in terms of coverage, the nature and degree of nutritional improvements attained, preventive effects achieved, or local commitment induced. The record is incomplete and hard to interpret, partly because very few programs have been evaluated with respect to these outcomes (and the most careful evaluations have been done on rather small-scale projects, in any case). Notwithstanding the impossibility of making more definitive program evaluations at this time, partial and tentative assessments of past experience do permit some suggestions for future U.S.-supported nutrition interventions.

Supplementary feeding programs constitute the most widespread form of nutrition intervention. They encompass school feeding programs, other on-site feeding programs in day-care centers and health clinics, and take-home food distribution programs for children and/or pregnant and nursing women. U.S. activities in this realm are usually conducted under Title II of the Food for Peace program; individual programs are usually administered by private voluntary organizations, with the United States Government providing some or all of the food. The United States also contributes to international feeding programs such as those conducted by the World Food Program.

These diverse feeding programs are the subject of continuing controversy. Benefits are said to include not only improved food intake for recipients but also, in the case of school feeding programs, improved school attendance and enhanced learning ability. However, supplementary feeding programs are usually planned around existing distribution channels, available administrative resources, and current political considerations. As a result, these programs have found it difficult to reach those with the most pressing nutritional needs: the youngest children, the poorest people, the furthest villages.

A recent UNICEF-sponsored review of supplementary feeding programs concluded that neither the true effects nor full benefits of food distribution programs have yet been adequately measured. Some possible but unassessed benefits include increased voluntary activity of children, improved family/community interactions, and--if programs were mounted on a wider scale--the reduction of general deprivation in poor communities. While existing programs may be justified on these and other grounds, however, their nutritional impacts upon the neediest groups appear to be low. Consequently, the Commission advocates more experimental approaches for targeted groups and targeted areas. In particular, the Commission believes that greater emphasis should be placed on reaching pregnant women, as an important form of preventive intervention.

In the Commission's view, nutrition education programs can play a greater role than at present in targeted efforts to reach nutritionally vulnerable people.

The Commission recognizes that malnutrition occurs not primarily because the poor make unwise choices of food, but because they cannot afford to eat enough. This is particularly true with respect to protein-calorie malnutrition. However, nutrition education can address some of the most widespread forms of malnutrition, and at the points where intervention can make a real difference, by correcting harmful feeding habits. These programs can have especially high payoffs, both in terms of their immediate impacts and their preventive effects, by emphasizing the importance of breast feeding, the introduction of weaning foods, the special food requirements for pregnant and nursing women, and simple home care (oral rehydration) for children with diarrhea. Through repeated messages, sustained over time, media-based programs can provide even widely dispersed and illiterate mothers and fathers with the tools of self-reliance in basic child care techniques and feeding practices.

AID has already sponsored promising efforts to develop innovative and highly focused nutrition education techniques along the above lines. Expanded efforts are needed now to disseminate existing knowledge to the field, in order to replicate successful programs. However, AID's current efforts in this realm are hampered by limited funds.

Food fortification is another highly focused but underutilized type of nutrition intervention. The fortification of basic products such as flour, tea, sugar or salt, and the periodic administration of vitamins, represent technically feasible and relatively inexpensive means of correcting specific vitamin and mineral deficiencies that often coexist with chronic undernutrition. The major problems to be addressed through fortification are iron-deficiency anemia, vitamin A deficiency, and endemic goiter.

Over the years, AID has experimented with various approaches to fortification, usually in active collaboration with international agencies, and with varying degrees of success. The Commission believes that AID's considerable work in this field is capable of expansion. However, a survey of U.S. food fortification activities conducted by the State Department in 1979 suggests that major new initiatives in this area are precluded primarily by disinterest on the part of developing country governments. All fortification programs involve continuing foreign exchange and domestic costs, although they are usually minimal. As well, local governments must require a demonstration of effectiveness and must enforce quality control before new programs can be instituted or existing ones expanded. At present, therefore, it appears that AID can play the most useful role by trying to heighten local interest in fortification techniques, and by participating in continuing surveillance efforts to determine the identity and dimensions of specific nutritional disorders.

All of the short-term approaches discussed above, no matter how well implemented, are necessarily limited in scope. Other means must be devised to reach vast numbers of people suffering from poverty-induced malnutrition, who in many poor countries constitute 30-40 percent of the population. Otherwise, malnutrition may well jeopardize a nation's best efforts to improve health and education, lower birth rates, and promote popular participation in development.

Consumer food subsidy and ration programs represent one of the few available ways to meet the nutritional needs of large numbers of people. While in most cases, such programs will reach those who buy rather than grow their own food, the urban poor represent a large and growing fraction of the population in developing nations. Many countries already have food subsidy programs of one kind or another. Some of these are explicit, and others are implicit (related to trade practices and internal pricing policies). The major limitation of such programs is their very high cost (21 percent of the total national budget in Egypt, for example, and 19 percent in Korea), or the political difficulties of radically altering price structures. In such programs, the neediest could be reached with a far greater degree of assurance and substantially lower costs by a careful choice of the product to be subsidized (foods consumed disproportionately by the poor, processed weaning foods, food supplements for pregnant and nursing women). However, such carefully targeted subsidy programs have seldom been attempted. In view of the inability of conventional nutrition interventions to reach more than a fraction of the world's malnourished poor, the Commission believes that serious consideration should now be given to innovative subsidy programs targeted for the most nutritionally vulnerable groups within recipient countries.*

Additional and even more perplexing problems of evaluation arise in attempting to apply cost-benefit or cost-effectiveness criteria to any nutrition program -- either when assessing alternative means of achieving a given nutrition target (improving the diets of pregnant and nursing women, for example), or for setting priorities among different nutritional goals (eliminating vitamin A deficiency versus reducing protein-calorie malnutrition among children under two), or for comparing the relative merits of investing a given percentage of scarce economic and administrative resources in nutrition or in other areas.

It seems unlikely that there will soon be a reliable means of predicting (let alone placing monetary value upon) the nutritional outcomes of alternative programs and policies. The most that can be said at this time is that there are a number of qualitatively different nutrition problems, each requiring its own set of solutions. Consequently, both host governments and donors will have to base their choices on some combination of highly country-specific factors, including the range of malnutrition problems to be addressed, the quantity and quality of resources available to combat these problems, and local political priorities.

On the other hand, the Commission feels strongly that uncertainty as to the best route or the comparative rates of return should not impede the improvement, implementation and expansion of programs that bring demonstrable benefits to malnourished people. With the clear understanding that such programs cannot and

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* Commissioner Schneider: "I have further proposed food stamps, or a similar device, to provide targeted hunger amelioration, and an incentive thereby to indigenous agricultural food production, in such Third World countries that invited U.S. bilateral food aid."

should not become a fundamental solution to world hunger, that the most nutritionally vulnerable are the hardest (and hence the most expensive) to reach, and that no poor country is likely to be able to solve all its hunger and nutrition problems simultaneously,

> The Commission recomends that the United States give far higher priority within its overall development assistance efforts to implementing requests for help in planning, financing and carrying out nutrition interventions designed to meet the chosen nutritional targets of individual nations.

o At the same time, the Commission notes ways in which AID could improve its own efforts in this field:

--By all accounts, the better integrated all nutrition interventions are with one another and with the delivery of other services such as health care, education and family planning services, the more effective each such program will be. In recent years, AID has made real progress in integrating these components within many of its programs, and in training planners from developing countries to do the same. Still, much remains to be done along these lines. Better coordination at the country level with host-government programs and other foreign assistance donors could help enormously in this respect.

--As new funds for development assistance become available, AID's budget for nutritional education should be significantly increased. In particular, AID should rapidly expand its existing efforts to develop and disseminate innovative nutrition education methods, particularly mass media campaigns closely tailored to local and regional needs.

--In continued collaboration with multilateral organizations, AID should continue to encourage developing nations to expand the use of food fortification techiques in regions where vitamin A blindness, iron-deficiency anemia and/or goiter prevail. AID should also continue to work with the manufacturers of vitamins and food supplements, enlisting their further cooperation and helping them to overcome the operational difficulties of implementing and transferring food fortification technology in developing countries.

--The United States Government should consider making a major financial commitment, in conjunction with other developed nations, to country-specific consumer food subsidy programs. At present, the World Food Council, the World Bank and the International Food Policy Research Institute are all investigating possible ways to implement this concept in practice. One additional approach that the Commission feels is worth further investigation is the possible linkages between Title III of the U.S. food aid program and highly targeted consumer food subsidy programs.

FINDING 13: THE U.S. FOOD AID PROGRAM COULD BE USED FAR MORE PURPOSEFULLY THAN AT PRESENT TO ASSURE THAT MALNOURISHED PEOPLE IN POOR COUNTRIES DERIVE THE MAXIMUM BENEFITS, AND SUFFER NO UNINTENDED OR INDIRECT HARM, FROM AMERICA'S AGRICULTURAL ABUNDANCE.

At best, there is an inherent contradiction between food aid, which increases the dependency of recipients upon donors, and measures to increase purchasing power and basic food production within the developing countries themselves. To send free or subsidized food to hungry people overseas is much like providing hospital care for the sick. However necessary food aid may be for alleviating the pain of hunger today, only preventive health care can bring the disease of hunger under control for all time to come. Nevertheless, in view of the anticipated levels of growth in population, food production and income within the developing world, and recognizing the length of time that may be required to institutionalize self-reliant national food systems, food aid -- at higher and more stable levels -- still has an important role to play in alleviating hunger in poor nations.

Food aid has long been a major component of U.S. development assistance, amounting to about one-third of official U.S. development assistance in the past decade. Beyond doubt, this generous quantity of food can be credited with saving many lives over the past 25 years. At times, however, food aid has also created problems of its own. In some cases food aid undermines the efforts of recipient nations to develop a more self-reliant agricultural base of their own. Food aid has also enabled some recipient governments to postpone essential agricultural reforms, to give low priority to agricultural investment, and to maintain a pricing system which gives farmers inadequate incentives to increase the local production required for greater self-reliance in basic foodstuffs.

The food aid program, however, has undergone major changes since its earliest days. (Also, the use of food aid differs widely from country to country.) Food aid is beginning to be used more frequently in ways that facilitate equitable development: through Food-for-Work programs, by preventing governments from having to use scarce foreign exchange for costlier commercial food imports, and -- in the best of cases -- by enabling governments to subsidize food consumption and food production simultaneously until local food production and purchasing power both rise to new levels.

These imaginative approaches should be encouraged and improved still further. In the Commission's judgment, particular attention should be paid to ways of carefully targeting food aid to meet the needs of the poor. At present, however, this is easier said than done because of the program's multiple objectives.

The Food for Peace legislation has four basic goals: to provide humanitarian assistance, to spur economic development within recipient countries, to develop markets for U.S. agricultural commodities, and to promote U.S. foreign policy objectives. Throughout its 25-year history, the program's multipurpose nature has been at once its strength and its weakness, as changing perceptions of need have led to varying degrees of emphasis on each of these alternatives and

sometimes conflicting purposes. P.L. 480 was originally enacted to serve the U.S. farmer, and until the early 1960s, the goal of market development and surplus disposal were predominant; in the late 1960s, humanitarian objectives prevailed; during the early 1970s--the era of the Vietnam War--food aid became a primary instrument of U.S. foreign policy.

With the advent of the New Directions legislation, Congress has shifted its emphasis to the developmental potential of food aid. In the Commission's view, however, Congress' intent is highly unlikely to be achieved within the multi-purpose framework imposed by existing legislation. Without legislative authority that gives clear priority to developmental and humanitarian uses of food aid, the New Directions mandate is too easily subverted by short-term foreign policy considerations and small but influential domestic interests. Moreover, the interests of farmers and exporters would be better served if market development were reduced or even eliminated as an objective of the food aid program. Under the present multipurpose system, commercial market opportunities are underexploited, and critical marketing functions such as product design, market research, promotion and customer service get little or no attention. The Commission believes that in the long run, food aid can best serve U.S. commercial and foreign policy interests indirectly rather than directly --- by contributing to a self-sustained process of equitable economic development overseas. Therefore:

> The Commission recommends that Congress undertake a complete revision of the P.L. 480 Food for Peace program--to enable the program to accord more closely with the New Directions approach to development assistance.

o New legislation for a revised food aid program should explicitly make self-reliance in developing countries the central consideration for U.S. food aid shipments abroad, with economic and political benefits to the United States as distinctly secondary considerations; should enhance the program's humanitarian and nutritional impacts; and should promote administrative ease and efficiency. To enable food aid to be used more effectively as a resource for humanitarian development, the new P.L. 480 legislation should:

  --explicitly give developmental and humanitarian objectives top priority, so that these interests will be the deciding factors regarding the type and amount of commodities sent to recipient nations.

  --permit U.S. food aid shipments to all countries, as determined on the basis of need rather than political ideology of affiliation. Present legislation limits food aid "to friendly countries only," thereby denying food to innocent people when they are in greatest need.

--give IDCA control over the P.L. 480 program, with authority to coordinate food-aid related activities with AID, USDA, OMB, State and other agencies, and with authority (and resources) to monitor food aid programs abroad. Centralizing control over P.L. 480 in this way would considerably reduce the time required for decisions on country allocations, and would permit adherence to Congressionally-mandated reporting and programming requirements.

--permit special appropriations to accompany P.L. 480 shipments for countries that are willing to subsidize food consumption for the poor, while simultaneously using the proceeds from Title I sales to support local farm prices.

--give particular emphasis to the increased use of food aid resources for stocking programs in developing countries. While adequate safeguards would be required in the establishment of such stocks so as to insure against disincentives to local production and pricing, the existence of properly managed reserves in many countries could be a stabilizing force in food supply and access. Combinations of activities such as the use of P.L. 480 resources for initial stocks, the provision of planning and training assistance from the FAO, and agreements with other donors, consortia or international agencies to fund warehousing, storage and transportation facilities, would provide a "package" of activities to strengthen individual country food security.

--authorize the Secretary of Agriculture to accord food aid at least the same status as commercial food shipments abroad, in the annual determination of the amount of food supplies available for export. At present, commercial shipments have priority over concessional and donated food aid needs.

--assure stable food supplies for developmental as well as humanitarian programs, by establishing a minimum tonnage at least equal to the U.S. commitment under the Food Aid Convention and with sufficient flexibility to avoid "surplus disposal" in times of adequate local supply.

--reinstate the "borrowing authority" of the Commodity Credit Corporation. While this authority still exists within the law, the revised appropriation procedures adopted by the Congress limit the borrowing authority to currently appropriated funds. This eliminates the flexibility of the borrowing authority, which can be extremely useful in times of emergency requirements, unforeseen price increases, and other special circumstances requiring urgent or extraordinary measures to provide food aid. A resumption of the borrowing authority in excess of appropriated levels, possibly limited to some percentage of the appropriation, could help to ensure the continuity of food aid, particularly for development purposes.

--authorize cash grants for cooperating sponsors under Title II. At present, P.L. 480 funds are allowed to be used only for the purchase of commodities and ocean freight. Such funds should be permitted for program

support activities such as food packaging, distribution and storage, training in the managerial skills required for nutrition programs, and administrative and technical expenses.

--require the fortification, when nutritionally appropriate, of all food used in Title II programs, except in emergency situations when food shipments should not be delayed for lack of fortified food.

FINDING 14: DESPITE INCREASED COMMITMENTS OF RELIEF ASSISTANCE BY THE INTERNATIONAL COMMUNITY, ADDITIONAL STEPS ARE NEEDED TO ALLEVIATE THE SEVERE HARDSHIPS THAT RECURRENT FAMINES AND DISASTERS IMPOSE ON THIRD WORLD PEOPLES.

During the Commission's deliberations, the Cambodian famine captured the world's attention. In the last few years, major disasters have also occurred in Bangladesh, the Sahelian countries of Africa, Ethiopia, Zaire, and the Indonesian island of East Timor. Despite global efforts to alleviate poverty-induced hunger, natural and manmade disasters can be expected to recur. And inevitably, such catastrophes take their largest toll on the very poor -- who, even in "normal" times, are ill-fed, poorly housed, and on the edge of subsistence.

The Commission lauds recent efforts to improve the mobilization of international relief. The mechanisms for coordination and communication among private, bilateral, and international relief donors have been improved significantly. Moreover, governments and private groups are committing increasing amounts of funds and supplies. However, this increased responsiveness has highlighted a number of contradictions.

First, the international community often has a very poor record in assisting disaster-prone countries to establish the contingency plans and infrastructure necessary to anticipate or mitigate the effects of a disaster in advance. This lack of commitment to predisaster assistance is the rule rather than the exception, even though it is almost surely cheaper and more cost-effective to prepare in advance than it is to pour in expensive supplies and personnel after the fact. Moreover, governments with contingency plans and local food reserve systems are more likely to respond quickly and competently, to accept international assistance more easily if it is needed, and be less prone to impede relief flows for political or other reasons.

Second, disaster assistance has often been undertaken without sensitivity to the operation's impact upon the country's development process. Special procedures are clearly needed for relief operations, but it is essential to provide what is needed rather than what happens to be available, and to relieve misery without inducing dependency.

In light of these concerns, the Commission advises increased support for FAO's Early Warning and Information System and for its Food Security Assistance Scheme. The Commission also encourages reconsideration of establishing a joint UNDP/UNDRO Trust Fund, administered by UNDP, for use in assisting developing countries to establish predisaster planning measures. Likewise, the Commission

urges Congressional support for AID's Office of Foreign Disaster Assistance to increase its bilateral programs in predisaster planning and preparedness.

All too often, political rather than logistical factors prevent relief supplies from reaching intended beneficiaries. During war or civil strife, governments have used starvation as a means of coercing the civilian population; corrupt local officials often divert donated food supplies for purposes of their own; governments deny or minimize the extent of famine conditions within their own borders. There are no easy answers when such problems arise, and every such disaster situation normally involves ad hoc attempts by relief organizations to overcome governmental hindrance and dishonesty.

In the case of international conflict or civil war, recent additions to international law should be applied. The Geneva Conventions on the Laws of Warfare were updated in 1977 expressly to prohibit starvation as an instrument of war, and to require belligerents to permit relief assistance to innocent civilians and non-combatants. The United States Government played a leading role in the international conference which negotiated these new provisions and was a signatory to the Protocols. Unfortunately, however, the United States Senate has still not ratified these two Protocols to the Geneva Convention. The Commission therefore urges the United States Senate to ratify the Geneva Protocols as quickly as possible in order to place the United States Government in the strongest possible legal and diplomatic position for urging other governments to comply with these safeguards.

Additional practical steps could protect victims of non-conflict situations as well. In the last few years, the International Red Cross movement has attempted to work out for interested governments and national Red Cross societies the respective duties and obligations of relief and donor agencies and recipient governments during actual relief operations. These arrangements covered such areas as the legal status of relief workers, taxation on relief officials and agencies, customs duties on relief supplies entering a stricken country, transshipment of relief supplies through or over third-party countries, and many other issues that could be resolved well in advance, thereby saving precious time when a disaster does occur. Despite the Red Cross' efforts, these arrangements have never received more than verbal endorsement by the international community, and hence their international legal status and universality remains unclear. Accordingly, the Commission suggests that the United States Government call upon the United Nations in collaboration with the International Red Cross to convene a conference on the international law of relief, with the aim of clarifying the roles and obligations of both relief and donor agencies and recipient governments in times of natural and manmade disaster.

U.S. PARTICIPATION IN THE PROGRAMS OF INTERNATIONAL ORGANIZATIONS

FINDING 15: SOME OF THE PROGRAMS OF THE INTERNATIONAL ORGANIZATIONS ARE ESSENTIAL TO THE WAR ON HUNGER BUT THEIR FULL POTENTIAL IS NOT BEING REALIZED, NOR IS THE U.S. SUPPORT TO AND PARTICIPATION IN THESE PROGRAMS AS EFFECTIVE AS IT SHOULD BE.

In recent years, many developing nations have expressed a strong preference that more development assistance be channeled through the specialized agencies of the United Nations. This view has won many advocates within the donor countries as well. The United Nations system does provide an existing mechanism for the kind of global cooperative effort to overcome poverty that is called for by the 1978 Foreign Assistance Act.

Many of the U.N.'s specialized agencies and programs offer particular technical expertise, both in-place and on-call, in various fields with special relevance for the elimination of hunger and poverty. U.N. activities relating to world hunger are conducted primarily under the auspices of United Nations Development Program (UNDP), the Food and Agriculture Organization (FAO), the World Food Program (WFP), the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), and the disaster relief and refugee organizations; other agencies and programs are also involved to some extent as well.

In addition to their technical expertise, these organizations offer other advantages as well in the effort to alleviate hunger and poverty. They can often conduct programs in countries that are closed to U.S. (or other) bilateral assistance programs. (For example, whereas AID missions are located in approximately 60 developing countries, development assistance personnel from the U.N. system are found in over 120 developing nations.) In addition the multilateral framework of the U.N. system helps recipient countries to avoid the feelings of dependency and resultant hostility sometimes generated by bilateral programs. The greater political acceptability of multilateral agencies can also be of special importance in such sensitive areas as agrarian reform, administrative improvements, and social and economic policy -- where bilateral aid is often suspect.

Their greater political acceptability, however, does not necessarily mean that multilateral programs are more effective than bilateral or private efforts. The U.N. technical assistance agencies are uneven in quality, and some are highly politicized by their governing bodies. Programmatic difficulties are compounded by institutional problems within the U.N. system as a whole, including problems of coordination and resultant rivalry among the various agencies.

As for their capacity to reach the poor, multilateral organizations are subject to the same technical difficulties and local political constraints as bilateral agencies. And, perhaps most important of all, because U.N. agencies are ultimately creatures of the governments which make up the U.N., these agencies can redirect their operations to benefit the poor majority within developing nations only to the extent that Third World governments themselves desire this outcome.

Thus the multilateral agencies have limitations as well as strengths. Nevertheless, the Commission continues to believe that an increasingly interdependent world calls for greater reliance on these international institutions. In the Commission's view, U.N. organizations offer very useful international

machinery for a long-term, global campaign to overcome hunger and poverty. The world hunger problem can be substantially influenced by the activities of some of the international organizations. In fact, some agencies and programs are making particularly effective contributions already.

Despite the substantial work being done, however, U.S. policies and activities toward these institutions are not always fully constructive or supportive. The United States lacks a clear sense of what it wants to accomplish through the U.N. system. Consequently, there is considerable uncertainty regarding the extent to which the United States will rely on the international organizations rather than its own bilateral institutions. For instance, choices must be made between the World Food Program and bilateral food assistance. Similarly, the UNDP and the specialized agencies compete in some sense with AID.

The United States, as the major contributor to nearly all U.N. programs, frequently is cast in the villain's role by attempting to hold down growth in specific areas lest the total get out of hand. In doing so, the United States appears unwilling to help fund particular activities that U.S. initiatives may well have helped to generate. (This happened, for example, when the FAO tried to follow up some of the World Food Conference recommendations.)

As a result, embarrassing confrontations have occurred at international meetings, and the United States has missed opportunities to help improve the overall performance of the U.N. agencies and to serve its own national interests. More generally, the Commission's examination indicates shortcomings in the United States Government's mobilizations of substantive, professional and financial participation in the U.N. agencies and programs, with a corresponding diminution of their potential effectiveness. Therefore,

> The Commission recommends that the United States strengthen its professional and financial inputs to selected U.N. programs and agencies with proven effectiveness in efforts to alleviate malnutrition, hunger and poverty.

- The Commission believes that greater reliance should be placed on the U.N. organizations in carrying out the major recommendation of the Commission: that the elimination of hunger be made the primary focus of the United States in its relationships with the developing countries. According higher priority to the work of the international agencies would also facilitate the assignment of highly competent personnel to the agencies, and improve U.S. responsiveness to the needs of selected U.N. programs.

- Procedures for authorizing U.S. financial support to particular programs should be clarified and streamlined. Present difficulties stem in part from efforts to confine the funding of technical assistance, variously defined, to the UNDP rather than providing for technical assistance in the budgets of the specialized agencies. The Commission urges IDCA and the State Department's Bureau for International Organization Affairs to review current U.S. policy that all technical assistance be funded through voluntary contributions and that UNDP should coordinate all technical

assistance. Moreover, the Commission is persuaded that Congress must allow the Administration much more flexibility to fund special activities of importance to the world hunger problem. One such technique would be to allow greater use of the trust fund approach.

- o IDCA should work with appropriate international agencies to assure that the U.N.'s International Development Strategy for the 1980s includes explicit nutrition targets, and takes nutritional objectives into account in formulating food production, investment, employment and other targets within its overall development strategy. In addition, continuing attention to coordination between bilateral and multilateral agencies is essential.

- o The Commission recognizes the following programs and agencies of the U.N. family as the kinds of activities which should receive increased U.S. financial and professional support:

  --Specific FAO activities requiring greater support include the Food Security Assistance Scheme, the Global Information and Early Warning System, the International Fertilizer Supply Scheme, as well as FAO's technical assistance in nutrition and post-harvest losses. Likewise, the Commission urges support for FAO in carrying out the resolutions of the World Conference on Agrarian Reform and Rural Development, particularly in the areas of land reform and tenure practices, credit, and local marketing. In more general terms, recent efforts by FAO to revitalize its programs and activities merit greater policy, personnel and financial support commensurate with U.S. interests in the organization's overall objectives.

  --The World Food Program, organized at the urging of the United States, now receives less than 8 percent of U.S. food aid resources. Recent U.S. pledges to the Program have decreased and the Commission believes that pledged resources to WFP from the United States should total at least 15 percent of U.S. food aid.

  --The Commission encourages support for the U.N. Capital Development Fund and for the United Nations Environmental Program. Equally important are the International Labor Organization's activities to generate rural employment.

  --UNICEF has gained wide respect for its efforts of behalf of children and women. WHO merits greater U.S. support because of the organization's focus on rural preventative health care and because of such programs as its campaign to eradicate vitamin A deficiency.

  --Any increased funding for the activities mentioned here should be additive and not come at the expense of voluntary contributions directed to the United Nations Development Program. The Commission also endorses UNDP in its efforts to serve as lead agency for all U.N. representation on development issues within developing countries.

--The Commission also encourages continuation of U.N. involvement in "grassroots" development programs through such activities as the U.N. Volunteers and the Food Corps concept.*

- o The World Food Council's recent initiatives to promote the adoption of food sector strategies deserves the strong support of the United States (as well as other bilateral and international donors). While experience with these comprehensive food sector plans is limited, approximately 30 developing nations have already told the World Food Council of their interest in the concept. A number of Western governments and the multilateral development banks have also indicated their interest in helping to formulate, finance and implement these plans.

  If developed within the framework of national development plans and agricultural production programs, such strategies could integrate national policies across a wide range of food and nutrition issues, and could incorporate specific nutrition targets. Food sector strategies could then lead directly to practical financial commitments and related policy decisions by developing and donor nations.

- o The International Fund for Agricultural Development (IFAD) focuses specifically on small farm production. It is also the primary U.N. mechanism for the receipt and use of OPEC resources for development. The Commission strongly urges the United States to contribute to the replenishment of IFAD in, at least, the proportion (one-fifth) that it now makes available.

CONCLUSION

The Commission is convinced that the developing countries cannot achieve significant self-reliant growth without increased development assistance from

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* Commissioner Schneider: "I have further proposed that the United Nations establish a non-military, multilateral Corps of Engineers, composed mainly of young people, to guide and deliver agricultural inputs (fertilizer, seeds, tubewells, etc.) to small-holding farmers of the Third World, at the village level." (Also endorsed by Commissioner Gilman.)

the richer nations of the world.** For the United States, this means an immediate commitment to doubled resources and a considerably strengthened administrative approach to development assistance activities. Achieving these objectives would provide ample evidence of the U.S. commitment to overcome hunger and poverty and provide the basis for calling upon others to do the same. However, increased resources and stronger management are not enough. The nature of U.S. development assistance activities must reflect a willingness to put aside immediate political concerns and focus on what the United States can do best in assisting others to become self-reliant. Such activities must have the understanding and support of the American public and the Congress. Helping others is to the advantage of the United States. Moreover, it is essential and urgent if there is a serious resolve to overcome hunger.

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* Commissioner Stockwell: "I believe this statement is too sweeping. While development assistance under proper conditions can assist self-reliant growth in developing countries, we should not assume that developing countries must be dependent on the wealthy nations. The experience of the People's Republic of China over the last three decades, with all its problems and with a totalitarian system we do not accept, is impressive evidence that a nation can take major developmental strides, and meet the basic needs of most of its poor and hungry people without dependence on wealthy nations.

"One dimension of development our Commission has discussed but which is not focused in the report concerns the role of people's participation in their own development. Such participation is an essential element in meaningful development. It assumes a context in which the political rights of groups to organize freely for the improvement of their condition is respected. I believe Commission members endorse this principle even though I do not find it as clearly stated in the report as I might wish." (Also endorsed by Commissioners Chapin, Leahy, Nolan and Simmons.)

NOTE: Additional views on this section by Commissioners Chapin, Gilman, Leahy and Nolan appear in Appendix C.

SECTION V

DOMESTIC HUNGER AND MALNUTRITION: OVERCOMING HUNGER AT HOME

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Wherever we went and wherever we looked, we saw children in significant numbers who were hungry and sick, children for whom hunger is a daily fact of life, and sickness in many forms, an inevitability. The children we saw were more than just malnourished. They were hungry, weak, apathetic. Their lives are being shortened. They are visibly and predictably losing their health, their energy, their spirits. They are suffering from hunger and disease, and directly or indirectly, they are dying from them -- which is exactly what "starvation" means.

Field Foundation Medical Team
Testimony to Congress, 1967

Our first and overwhelming impression is that there are far fewer grossly malnourished people in this country than there were ten years ago. Malnutrition has become a subtler problem.

Field Foundation Medical Team
Hunger in America: The Federal Response, 1979

INTRODUCTION

If the United States is to make the elimination of hunger the focus of its relationships with Third World countries, then this country must also deal with hunger and malnutrition at home. Despite the abundance of food produced by American farmers, pockets of poor, hungry people can still be found in the United States. Hunger is particularly common among migrant and seasonal farmworkers, Native Americans, the elderly, and those with incomes below the poverty level. Unless the United States acts to eliminate hunger within its own borders, including policies designed to promote self-reliance at home as well as abroad, its international goals and programs will have little credibility.

In the United States, as overseas, poverty is the basic cause of hunger and the solution to poverty-induced hunger lies in a two-pronged attack. Current Federal feeding programs were designed to increase food consumption among the poor, assuming that needs such as housing and jobs would be met elsewhere. To a large degree, Federal feeding programs have been successful and low-income persons have an opportunity to better their diets. However, the serious effects of inflation are also particularly evident among the undernourished poor, and longer range strategies aimed at increased productivity and domestic self-reliance are essential.

NUTRITION SURVEILLANCE IN THE UNITED STATES

Recent findings indicate that there have been dramatic improvements in the nutrition of low-income citizens since the introduction of Federal feeding programs. Yet, lack of consistent nutritional information, inflation, and the rising real cost of food threaten these advances, and information on the nutritional status of American citizens is surprisingly sparse for all economic brackets, especially high-risk populations. The Health and Nutrition Examination Survey (HANES) is a national cross-sectional survey, and does not disclose the full magnitude of the malnutrition problems for the elderly, the poor, migrant workers, or Native Americans. Although various Federal agencies gather supplementary data, there is no single coordination point in the U.S. Government to compile and analyze this information.

In 1967, Congress approved legislation requiring the Secretary of Health, Education and Welfare (HEW) to undertake the nation's first comprehensive nutrition survey. The result was the 10-State Survey, which focused on the nation's poorest census districts.

In 1971, HEW began gathering additional data for a national cross-sectional sampling to be conducted at two-year intervals as part of HANES. The U.S. Department of Agriculture has also been conducting Nationwide Food Consumption Surveys, in one form or another, since the 1930s. The information gathered by the Department is used primarily to help develop the Family Food Plans.

However, analysts in all relevant fields have agreed on two central points:

--First, none of these efforts, singly or collectively, provides a truly comprehensive nutrition surveillance of the U.S. population on a continuing basis. There is no single point at which all information in the Government is compiled and analyzed. In December 1977, the General Accounting Office reported that information was still needed on the current nutritional status of the nation; the location, prevalence, and magnitude of marginal as well as acute nutritional inadequacies; and the relation between nutrition during one period of life and health in subsequent periods.

--Second, this information shortage hinders the effective planning of anti-hunger and nutritional programs. This common attitude was expressed in the staff report of the Senate Select Committee on Nutrition: "We need information in order to know what nutrition problems we have, and how existing programs and plans are impacting on these problems."

Adequate nutrition surveillance would give policymakers an opportunity to judge the adequacy of income-based programs to combat hunger, and would point out nutritional inadequacies that are not income-based. Using the latter information, policymakers could develop nutritional programs to improve the health of all Americans, regardless of income. Good nutrition is preventive health care. Investment of public funds in nutritional surveillance and education may be far less expensive in the long run than future medical care for nutrition-related diseases. Preventive health care through nutrition may be particularly called for among the poor because that is where the public burden of health care could be heaviest.

Prior to the 1970s little attention was given to the relationship of diet and health. The 1970s brought the recognition that a more than casual relationship existed between diet and the "major killers": coronary heart disease, atherosclerosis, diabetes, obesity, and cancer. Even more significant was the fact that this relationship was brought to the level of national consciousness by industry, consumer groups, the medical profession and Government.

While recognizing that confusion exists because scientists do not know enough about nutrition to identify an "ideal diet" for each individual, and that research is seeking to find more precise nutritional requirements and to show better the connections between diet and certain chronic diseases, the U.S. Departments of Agriculture and HEW have jointly issued dietary guidelines for Americans under the title "Nutrition and Your Health." They include: 1) eat a variety of foods; 2) maintain ideal weight; 3) avoid too much fat, saturated fat, and cholesterol; 6) avoid too much sodium; and 7) if you drink alcohol, do so in moderation.

The Commission feels this growing recognition between nutrition and health is added justification for maintaining domestic hunger programs with proper nutritional emphasis. Although the guidelines are directed at the diet of all

Americans, the Commission believes the difficulty of maintaining a proper and adequate diet falls heaviest on the poorest segment of the economy, the very segment least able to cope with adequate health care. The Commission concludes that investment of public funds for adequately feeding the nation's poor may in fact be far less expensive in the long run than future high-cost medical care.

The Commission notes with some concern that various health care programs presently being proposed in the Congress place the major emphasis upon sick care and recovery rather than on preventive health care measures such as adequate nutrition. It feels it is clear that if nutrition is going to play its major role in the health care of our society, preventive health care and nutrition must be elevated within the framework of the legislation from an unnamed, implied position to a stated and positively directed level.

In 1977 the Congress instructed the Secretary of Agriculture and the Secretary of HEW to formulate and submit to Congress a proposal for a comprehensive nutritional status monitoring system. The Senate Labor-HEW Appropriations Subcommittee also directed the Assistant Secretary for Health to prepare and submit a proposal for implementing such a system. In response to these directives, the Departments of Agriculture and HEW are preparing proposals for the Congress. The Commission endorses these preliminary steps toward a continuing nutrition surveillance of the American population but deplores the unfortunate delay of two years in presenting a proposal for action to the Congress. Therefore,

> The Commission recommends that the United States Government undertake a systematic effort to assess the nutritional status of American citizens, and that the President direct the Secretary of HEW to immediately establish a National Nutrition Surveillance Program to coordinate nutrition surveillance activities with other Departments and agencies involved in nutrition programs; and that health care legislation provide greater emphasis upon preventive measures like nutrition that would appear to be more cost saving than the current approach to deal with the after-the-fact treatment and recovery.

The Commission believes it essential that the Departments of Agriculture and HEW immediately submit to the Congress their proposal for nutritional status monitoring of the American people, so that this vital program can be put into place. The proposal should include a specific operational plan identifying regions for monitoring purposes, specifying target groups by region, and setting forth Federal, State and regional responsibilities for monitoring. The Commission believes that the regional approach to monitoring nutritional status can be more useful than the national sampling procedure now in use. The Congress should immediately make public the report of the Departments, and take whatever legislative steps may be necessary to facilitate implementation of the surveillance program.

ORIGINS AND EVALUATION OF PRESENT PROGRAMS

The discovery that many of their fellow citizens were hungry and malnourished in the midst of nationwide abundance shocked Americans in the late 1960s. A surge of political action to alleviate hunger immediately followed. The Federal Government started new programs such as Women, Infants and Children (WIC) and the Elderly Feeding programs, and expanded existing programs such as Food Stamps and school feeding programs. The media and newly formed advocacy groups championed the interests of the poor and kept hunger in the public consciousness.

As a result, during the past 10 years, the United States has spent nearly $50 billion on domestic food assistance programs. Between 1969 and 1979, Federal funding increased tenfold, from about $1 billion to over $10 billion annually. The Food Stamp Program, the largest domestic food program aimed at the hungry poor, reached over 18 million Americans at a cost of about $6.9 billion in 1979.

In 1978, reevaluation of U.S. hunger problems by a Field Foundation team of doctors revealed that, even though underlying poverty remained, the nutrition of the American poor had markedly improved. The doctors found little evidence of the gross malnutrition that had been widespread in the 1960s. Infant mortality rates and clinical malnutrition were down. Clearly the effort to reduce hunger had succeeded to a significant degree. In the opinion of the Foundation team, domestic food aid programs may represent one of the great unsung Federal success stories of the last 15 years.

Evidence of the effectiveness of specific nutrition programs abounds, such as the reduction in anemia and an improvement in growth among children of mothers in the WIC program, and improved diets among the elderly in the Elderly Feeding programs. The proportion of low birth-weight babies among WIC participants was found to be the same as in the general population -- a much lower level than would normally be expected in this high-risk group. Yet though the WIC and Elderly Feeding programs are successful, they reach only a small percentage of eligibles. The major problem is inadequate funding for the kind of expansion needed to reach all potential participants. WIC and Elderly Feeding are not open-ended entitlement programs. They can serve only as many people as funds can serve. Increased resources are therefore essential.

School feeding programs have helped to reduce hunger among children who otherwise would go without nutritious meals. Teachers and school administrators report the positive impact of a school breakfast on their students' behavior and attention span in the classroom. If these programs can improve the performance of poor children in school, they may, in addition to alleviating immediate hunger, help break the cycle of poverty and undernutrition by raising educational levels and reducing drop-out rates. For these reasons, it is important that local school boards that have decided not to participate in the School Breakfast Program be encouraged to change their minds.

The Food Stamp Program has had a major impact on the lives of the poor and is by far the largest nutrition program for the working poor. Eighty-seven percent of Food Stamp benefits go to families with incomes below the poverty line -- and four million of these recipients are lifted above the poverty line by the Food Stamp bonus. A 1978 Department of Agriculture study of the 356 counties identified in 1968 as most severely affected by poverty and hunger found a substantial increase in retail food sales, an increase which corresponded to the increase in Federal food assistance from $26 to $127 per person per year. This indicates that food consumption has improved in counties where diets were found to be grossly deficient in 1968.

Yet several difficulties still limit the program and its participants. For example, the average Food Stamp benefit is currently 36 cents per person per meal. In about 20 States, some of the Food Stamp benefit goes not for food, but for State or local sales tax on food. Proximity to food stores is also a problem for the poor. Many low-income families live in inner cities from which supermarkets have disappeared. They must pay higher food prices in small markets. Other low-income families live in rural areas where transportation costs to food stores may be high, and some items are expensive as well. Some low-income persons on Food Stamps report having difficulty feeding their families adequately in the last days or weeks of the month, after their Stamps have been depleted. Many of the poor are pregnant or are elderly. The availability of the WIC program, child nutrition programs, or the elderly nutrition programs is essential to supplement the Food Stamp Program.

Preliminary data indicate that over the past two and a half years while inflation has increased 23 percent and the incomes of the U.S. population as a whole have risen 31 percent, the average incomes of Food Stamp households have risen less than 7 percent. This is one symptom of the harsh effects of general inflation, and food inflation in particular, on the poor, whose budgets are already stretched to the limits; and higher cost for any item affects resources available for food. Therefore, reducing inflation by any means, particularly through increased productivity, will help the poor and potentially improve nutrition. The Commission notes the existence of the Office for Productivity, Technology and Industrial Innovation and urges that this office be used to reduce inflation through increased productivity.

In spite of progress made in reducing domestic hunger, undernutrition still affects many of the poor. Since Food Stamps and other programs have made large improvements in the nutrition of the poor, it seems clear that the persistence of hunger and malnutrition can be attributed, in part, to the fact that only about 60 percent of the eligible poor persons participate.

A 1977 survey, while noting improvements made between 1974 and 1976, still found signs of anemia in 15 percent of poor children under 18, and stunted height in 12 percent. The diets of some subgroups of the poor and Black populations are deficient in protein, calories, iron, and vitamins A and C. Up to 10 percent of children of low socio-economic status show growth retardation, possibly of

nutritional origin. Low birth-weight babies are born twice as frequently to poor mothers as to those in the general population. All of these figures indicate that undernutrition is far from being eliminated.

The Commission believes that significant improvements in nutrition can be achieved by increasing participation in these programs -- without instituting any new programs. The cost of existing programs, however, would certainly increase with fuller participation. The Commission also recognizes that new programs may become necessary as economic conditions change.

The Commission has examined some of the reasons for non-participation. Potential participants are often unsure of their eligibility, afraid or reluctant to deal with the county bureaucracy, unwilling to accept handouts, concerned about the hostility of store clerks and other customers, and unable to travel to county seats for certification. Program administrators are often insensitive to the problems of the poor, exhibiting outright hostility or bringing a "gatekeeper" approach to their work. It is clear that these attitudes contribute to the reluctance of many eligible persons to apply. Modifications in the program to improve its accessibility to the poor, better mechanisms for reaching such groups as the elderly and rural poor, and closer monitoring of local administrative practices could lead to increased participation by some of those most in need.

MIGRANT AND SEASONAL FARMWORKERS, NATIVE AMERICANS AND THE ELDERLY

Migrants, Native Americans, and the elderly face special difficulties in receiving benefits authorized by Federal assistance programs. Although these groups have a high proportion of eligibles, only relatively low percentages are actually served. The Food Stamp and WIC programs must be made more responsive to the particular logistical, certification, and issuance difficulties faced especially by migrants and Native Americans. Because these groups have the lowest nutritional levels in the nation, the Department of Agriculture needs to move quickly to implement the needed reforms.

I wanted to let the Commission know that I am a Mexican-American of a migrant family, raised in California. I spent the first ten years of my life going from labor camp to labor camp with my family, as a farm worker. Probably the most memorable experience that I can recall as a child is when a family came in by a car to the labor camp at which we were staying and hadn't had any food for two days, because of their traveling, because they didn't have any money. And what I still remember quite clearly is that they were not Mexican-Americans; they were from Oklahoma.

Alfredo Navarro, Director
National Rural Development and Finance Corporation
Testimony before the PCWH Subcommittee on Public Participation and Communication
Washington, D.C., January 23, 1979

Migrants and seasonal farmworkers may constitute the most economically deprived group of working people in America today. The Department of Labor estimated in 1976 that average yearly earnings for migrant farmworkers were less than $4,000; for seasonal farmworkers who do not migrate, yearly income was under $3,000. In both groups, the average family includes five or six children. Less than 10 percent of the roughly five million migrants and seasonal farmworkers received any form of public assistance.

The health profile of this population reads like a description of a developing nation. Life expectancy of farmworkers has been estimated at 49 years, compared with a national average of 72 years. Infant mortality was found in one study to be 63 per 1,000 live births, more than three times the national average. One physician reported a high prevalence of such nutritional diseases as protein malnutrition, pellagra, rickets, and anemia, and clinical symptoms of deficiency of vitamins A and C and riboflavin.

Although farmworkers in general are among the neediest Americans, food programs reach comparatively few migrants. Most Federal nutrition programs work best for persons with a fixed residence. Often Food Stamp certification and issuance offices are not readily accessible to migrants. Moreover, sometimes actions by growers or crew chiefs make it difficult for migrants to receive the Stamps to which they are entitled. In fact, many migrant health clinics funded by HEW still do not have WIC programs. Many migrant areas in turn are unserved by WIC

programs. While progress in addressing these problems has been made in recent Food Stamp and WIC legislation and regulations, more remains to be done.

Native Americans

> *In the United States today it would be difficult to find a group of citizens more poorly nourished and whose life expectancy is lower than that of the Original Americans -- the American Indians. The Native people of this country can anticipate no more than 42 years of life for our newborn babies, and the years that are granted them are too often made bleak by poverty and its companions, malnutrition and disease. We do not know for a certainty if, or to what extent, the white man's foods have impaired or improved our health. Nor can we tell how we would have fared if our aboriginal diets had been maintained throughout the years. But there are questions we may share with you from our viewpoint as the closest approximation of a Third World country within our borders, the colonies known as Indian reservations.*
>
> *Grace Goodeagle, American Indian Women's Association*
> *Testimony before the Presidential Commission on World Hunger*
> *Denver, Colorado, February 12, 1979*

As is the case with migrants, Native Americans also suffer extreme economic privation. In 1973, the Bureau of Indian Affairs estimated the American Indian population at about 793,000, of whom about 543,000 lived on or near a reservation. Unemployment on Indian reservations ranges from about 20 to 70 percent. Reservations tend to be located on poor land with no farming potential, isolated from sources of employment and welfare offices where food program certification takes place. Many reservations are served by a single trading post leased by the Federal Government to private parties. Because of lack of competition and high transportation costs, many trading posts charge high prices. Housing is often crowded and unsanitary, and health problems include protein-calorie malnutrition, iron deficiency anemia, and tuberculosis, a disease associated with poverty and poor nutrition. Alcoholism, the severest and most widespread health problem among Indians today, frequently results in nutritional deficiencies.

Overall, about 40 percent of American Indians on reservations presently participate in the Food Stamp or Commodity Distribution Program, but Federal nutrition programs have a particularly hard time reaching the Indian population on reservations. Food Stamp Program rules do not seem suited to reservation conditions (although changes in the 1977 Food Stamp Act should help), certification and issuance offices are often located far away, and food stores have either been distant or charged prices high enough to diminish the value of Food Stamps. As a result, a number of reservations have remained on the Commodity Distribution Program instead. Sixty thousand low income Indians now receive a package of commodities each month, but this program, too, has had major problems. In the past, not all designated commodities have always been available, and some that have been available have not been suited to Indian needs or dietary preferences. Recently, major changes have been made in the commodities offered to Indians. The impact of these changes must now be assessed. Even with these changes, some Indians still face difficulty in transporting and storing the monthly commodity deliveries.

Because of the difficulties in providing services for migrants and Native Americans, the Department of Agriculture needs to review continuously its delivery of food assistance to migrants and Native Americans and alter any procedures and regulations that limit the flow of services to these groups.

The Elderly

> *Our senior citizens are one of the hardest pressed groups in this country. When we see reports that senior citizens are eating dog food and what not, in order to stretch their income, we should be made ashamed that we live in the greatest and the richest country in the world and this has to happen.*
>
> *Wilbert Allen*
> *Georgia Coalition on Hunger*
> *Testimony submitted to the Presidential Commission on World Hunger*
> *Atlanta, Georgia*
> *February 5, 1979*

Despite growing recognition of the need for programs to assist the elderly, ranging from Social Security to Medicare, adequate access to food and proper nutrition remain serious concerns. The Nutrition Program for the Elderly of the Older Americans Act was signed into law in 1972. This legislation provides grants for establishing low-cost meal projects which include outreach, support services and, originally, nutrition education.

Today, about 12,000 Federally-funded neighborhood projects nationwide are serving more than half a million meals daily and providing added supportive services, without regard to income level, both in group settings and to the homebound. Funding during FY 1980 was $320 million and is expected to increase next year. Despite program growth and the availability of "matching" assistance from other sources, only a fraction of the eligible elderly are participating.

Low-income older persons also are eligible for Food Stamps, but their participation in this program has historically lagged far behind other eligible age groups. Lack of transportation, inadequate outreach, confusing or inappropriate rules and application procedures, and the "welfare" stigma associated with participation all have been cited as contributors.

Congress has only recently recognized the unique problems of elderly Food Stamp clients and taken action to improve access to the program. For example, the 1977 Food Stamp Act directed the Department of Agriculture to develop a process enabling low-income older persons to sign up for Food Stamps through a simplified process at Social Security offices. The same law authorized the Department to test whether the elderly poor should receive cash instead of Stamps; Department officials began that demonstration only in February 1980. Legislative changes made in 1979 will provide elderly Food Stamp applicants with special income deductions for medical and excessive shelter expenses, enabling more of them to qualify.

Despite these promising steps, policymakers at all levels of government must redouble their efforts during the next decade to both expand the elderly nutrition programs and to improve the Food Stamp program for older Americans. The key may be the recognition that solving food problems of the elderly requires a different approach than that of other anti-hunger activities aimed at other groups.

In the United States today, there are 23 million Americans over 65 years of age. The Community Services Administration estimates that approximately 7 million, or about 30 percent, are poor or near-poor. But money is not the only barrier to a decent diet. Growing old brings complex changes in a person's biological, psychological and social well-being that adequate income alone cannot solve. Many have particular diet needs to alleviate age-related health problems. Other older persons lack or have lost the stimulus to shop for and prepare meals. Decreased mobility, often coupled with a shrinking number of outlets to buy food in some deteriorating inner city and rural areas, also contributes to food problems. Feelings of rejection, loneliness and other psychological maladies also are significant barriers to adequate diets for the elderly.

CONTINUED SUPPORT OF DOMESTIC FOOD PROGRAMS

Regardless of how well Federal programs can demonstrate their success in improving the nutritional status of the poor, they must compete each year with other programs for Congressional support.

The erosion of the dollar's purchasing power by inflation reduces the actual program benefits received by participants and, at the same time, reduces the willingness of middle class and wealthy Americans to maintain their continued political support for such programs. A rise of 1 percent in the food price index adds $58 million a year to Food Stamp program costs, although the average benefit totals only 36 cents per person per meal. As a result, at the time when participants need additional benefits, middle class and wealthy citizens may resent having to allocate sufficient funds just to maintain current levels of benefits for the poor. The Food Stamp Act currently requires that allotments be adjusted semi-annually in accordance with changes in food prices. But this provision is not entirely adequate as allotments are always 4 to 10 months out of date.

Thus, the Department of Agriculture should evaluate continuously the level of Food Stamp benefits in light of food prices and the requirements for adequate diets. At the least, the Congress should maintain the current level of benefits to all participants, and should continue to recognize that participation in other nutrition programs is an acceptable, legal supplement to -- not a substitute for -- Food Stamp benefits. The Commission believes that Congress and the Department of Agriculture must take steps to assure that food assistance programs, particularly Food Stamps, respond to increases in inflation and unemployment. In this context:

> The Commission recommends that the Administration and the Congress act to remove the expenditure limit on Federal funding for Food Stamps, to increase resources for all domestic feeding programs which have a demonstrated record of success, and to improve outreach efforts and certification procedures to increase participation among eligible citizens, with special attention to utilizing the resources of local private voluntary organizations.

Unless the expenditure "cap" is lifted, benefits already eroded by inflation will be cut still further, at a time when recipients can least afford these losses. Revisions of eligibility standards and elimination of the purchase requirement have increased the number of participants. The program is obviously working -- it is reaching the eligible poor -- and therefore should be encouraged by an open-ended commitment to the program, rather than hindered by the obstacle of a cap on spending.

Public complacency and ignorance also pose a threat to Federal nutrition programs. The American public is woefully ignorant of basic nutritional requirements and therefore sees nutritional programs as less important than many Federal programs. If nutrition issues fade further from the public mind, Government funding will soon decline. Alternative uses for Federal funds abound, and most have strong political supporters and constituencies. The experience of the 1960s proved that the vigilance of advocacy groups for the poor, combined

with continuous educational efforts to keep the issue of domestic hunger before the American public, is essential to assure continued public backing and adequate implementation for nutrition-support programs.

Responsibility for the administration and outreach aspects of Federal programs lies with local counties or school districts. Wide variations in the degree of local concern result in equally uneven implementation efforts. Reasons for inadequate coverage at the local level include resistance and hostility on the part of administrators. The attitudes of those officials who deal directly with the poor determine whether a program meets the needs of poor people (and the intent of Congress) or whether it merely exists in token compliance with Government regulations.

Both the private citizen and private voluntary organizations have critically important roles to play at the Federal level, and in assisting potential program participants who are hesitant to approach local program staff. Private individuals or organizations can also monitor programs at the local level to ensure that access is not unnecessarily restricted and that services are of high quality. In many communities, for example, local groups have become involved with school meal planning and preparation and volunteer groups often help with outreach and publicity for programs. They may also operate programs themselves, such as day-care centers which sponsor childcare feeding or summer play groups which offer summer food service.

One private initiative that deserves attention is the growth of Food Banks, a local activity that can supplement Federal programs to assist the hungry poor and also cut down on food waste in this country. The Commission is aware of the extensive waste that occurs all along the food chain and applauds the attempt to reduce that loss. In the Food Bank system, food-processing corporations and supermarkets donate edible, high-quality but unsaleable food products to a Food Bank. The Bank then makes the food available for a nominal fee to institutions with feeding programs for the poor, or directly to the poor as food baskets. The donated foods are unsaleable for a variety of reasons, such as bakery products that are a day old, or packages that vary in weight from FDA regulations. As of January 1980, there were 20 Food Banks operating across the United States, and interest in them is growing. The Community Services Administration has been the catalyst in bringing together volunteer groups in the private sector for the purpose of developing a national network of Food Banks which can effectively distribute the vast quantity of food that is available for donation. One of the major handicaps to expanding the Food Bank network has been the cost of transportation and warehousing.

There is notable evidence that the Federal nutritional support programs have been highly successful in fighting hunger and malnutrition in America. Improved nutrition can result from readier access to benefits, with special emphasis on removing the current difficulties encountered by migrant and seasonal farmworkers, Native Americans, and the elderly. Community action as well as outreach and "enforcement" programs generated by the Government can also bring about significant improvements.

As part of the process of supporting and improving current programs, Federal administrators must increase their awareness of the burdens that Federal laws and regulations impose on State officials. Constant review is needed at the Federal level to assure that Federal requirements facilitate, rather than obstruct, maximum flow of resources for participants in the programs. Administrators at all levels should give constant attention to the unique outreach problems faced by migrant and seasonal farmworkers, Native Americans, and the elderly, and should be receptive to innovative ideas for reaching those populations. Program officials should call frequently on private advocacy groups involved in feeding programs for advice on how to improve program delivery. The nutrition surveillance program recommended by the Commission would help officials evaluate current programs and would pinpoint problem areas that remain. Identifying those problems that are the result of national economic and social structures should lead to political decisions to reallocate national resources. Some of the structural issues raised by hunger in America are examined in the section on world food security and trade and debt.

BEYOND FOOD ASSISTANCE PROGRAMS

Federal nutrition programs were never intended as measures to reduce poverty appreciably or to generate employment. Rather, they attempt to improve the nutritional status of individual participants and to serve as a safety net for those unable to work, the elderly, the disabled, dependent children and their mothers. While the United States can feed itself as a nation, too many individuals and families have been unable to become self-reliant in this basic necessity.

In recommending food self-reliance for the poor and malnourished in developing countries, the Commission supports the same goal for our own poor and malnourished. Federal feeding programs are designed to improve diets of the poor, as are food aid programs for other nations. Just as the remedies to the poverty/hunger cycle in other nations include increased productivity and equitable distribution of resources and income, longer-term remedies are needed in the United States as well.

Among Americans able to work, poverty due to lack of jobs with adequate income increases dependence on food assistance and puts serious new strains on nutrition support programs. A 1 percent rise in unemployment adds 750,000 new recipients to the Food Stamp Program. If those able to work cannot find adequately paying jobs, they become permanent welfare recipients. Also, if all of the poor who cannot obtain jobs or whose wages are too low were to be reached by existing food assistance programs, the cost of these programs would soar. Thus, merely improving the nutrition of recipients who are able to work, without providing jobs with adequate income, is neither socially stable nor economically feasible on a broad scale.

In the last analysis, therefore, food assistance programs are only a palliative and do not reach the root causes of hunger. Hunger can be overcome on a permanent basis only by assuring persons who are able to work the opportunity to

earn an income sufficient to purchase a nutritionally adequate diet, and by assuring adequate assistance to those unable to work. Goals for food assistance programs, therefore, must be coupled with self-reliant economic development objectives. The Commission is convinced that efforts to ensure a strong and balanced U.S. economy could be among the most important measures taken to fight hunger in America and among the poor of the developing world. Therefore:

> The Commission recommends that the President and the Congress adopt a national policy of economic development, designed to foster balanced growth and full employment along lines which best utilize the resources and skills of this country, and that implementation of such a policy should include a requirement that the President, in his annual economic message, specify growth, employment, and sectoral investment goals for the following year and the administrative and legislative means proposed to achieve these goals.

As a first step toward this goal, the President and the Congress should immediately establish a dialogue on national development policies for the purpose of devising a national plan to achieve equitable economic development and self-reliant growth, and to eliminate poverty-induced hunger through income generation and other means.

The dialogue on national development policy could be similar to the one already undertaken on U.S. farm policy and its far-reaching implications. Such a dialogue would acknowledge that patchwork or crisis-oriented policies are inadequate to the task, that common slogans and myths about hunger and poverty must be scrutinized in light of reality, and that Government policies are never neutral in their impact on American citizens. The crucial importance of maintaining and strengthening the U.S. farm structure should be a part of the dialogue and this subject is discussed in more detail in the World Food Security chapter.

Inflation is also a serious concern and the Commission recognizes that the development of productive enterprises is a major tool with which to fight inflation and produce food for the poor. The Commission believes that the poor and hungry are particularly vulnerable to inflation, which has greater impact on them than any other sector of society. The Commission therefore commends the President for creating an Office for Productivity, Technology and Industrial Innovation to fight stagnation in the nation's economy.

Finally, in preparing policies and legislation, the President and the Congress should assess national economic and social needs, the economic and social needs of various socio-economic groups within the society, national and local

resources, and the range of opportunities and options available to American citizens.*

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* Commissioners Chapin, Leahy and Nolan: "The Commission should be more specific about the factors to be considered in developing a national plan to achieve equitable economic development and self-reliant growth in the United States.

For several decades we have witnessed the steady erosion of economic democracy in the United States as wealth is concentrated in the hands of fewer and larger financial institutions and business enterprises. U.S. citizens, on the other hand, find their lives increasingly circumscribed by a few dominant economic interests over which they have less control.

The concentration of wealth inevitably is accompanied by a concentration of power and an arrogant disregard for the basic human needs of most citizens, thus jeopardizing the future of the Republic. As President Franklin Roosevelt said in 1944, 'We have come to a clear realization of the fact that true individual freedom cannot exist without economic security and independence... People who are hungry--people who are out of a job--are the stuff of which dictatorships are made.'

In the United States, rapid inflation, high interest rates and massive expenditures on armaments are bankrupting our economy and threatening to precipitate a worldwide depression. Just as the Commission has urged the U.S. representative to the International Monetary Fund to oppose conditionality agreements (tied to IMF loans to developing nations) which are likely to have negative effects on 'jobs, investments, real per capita income, the gap in wealth between the rich and poor, and social programs such as health, housing and education,' likewise, proposals to restore the U.S. economy should bear the same considerations in mind.

We therefore recommend an economic recovery program for the United States based on the following:

1. The participation of citizens at the local level in economic development planning which will affect their employment and income opportunities.

2. A top-level Congressional inquiry into the relationships between monetary and commodity policy and the ways in which inflation may be reduced without resorting to the undervaluation of commodities (which creates excessive demand for money and credit, thus expanding the money supply and deriving interest rates up) or high interest rates.

3. An adequate number of remunerative jobs.

(Continued on next page)

4. Agricultural price supports which will give economically productive small and medium sized farms an opportunity to earn an equitable return on their labor and investment comparable to returns in other sectors of the economy.

5. Encouraging increases in productivity through employee stock ownership programs and participation in management decisions.

6. Mandating the Federal Reserve System to adopt a two-tiered discount rate policy, offering an unsubsidized low-cost discount rate to member banks to the extent they in turn provide widespread access to capital, at reasonable interest rates with prime rates not to exceed 3%, to farmers, industrial workers and small businesses, exclusively for productive purposes and with appropriate limitations to discourage concentration of ownership. The lower interest rates for productive purposes will reduce costs of production in agriculture and industry."

NOTE: Additional views on this section by Commissioners Chapin, Gilman, Leahy and Nolan appear in Appendix C.

SECTION VI

THE NEED FOR PUBLIC EDUCATION

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INTRODUCTION

Commission-funded public opinion polls, conducted in March and again in December of 1979 to determine what the American people know and feel about world hunger, show strong public support for maintaining and even increasing U.S. assistance to the world's hungry. These sample polls also demonstrate that the public -- understandably--is lately more concerned about such domestic issues as energy and inflation than about global undernutrition.

In the period since World War II, however, the U.S. public has consistently been in favor of alleviating severe deprivation. While half the respondents in the recent polls correctly believe that the world has more hunger now than ten years ago, they also underestimate the scale of world hunger and consistently overestimate the extent of U.S. aid to alleviate the problem.

The polling further reveals that Americans have negative feelings about the term "foreign aid" and very little understanding of the nature and extent of the term "development assistance." They also feel strongly that many aid efforts are better carried out by non-governmental organizations than by the Federal Government.

These findings are not as paradoxical as they may seem at first sight, and certainly encourage the Commission to anticipate popular support for a

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* Commissioner Simmons: "This section has not been fully developed by the Commission at the time of this report, and should be the focus of the remaining work of the Commission."

determined attempt to eliminate the worst aspects of world hunger by the end of the century. The findings also show a need for more public information about the scale of the problem and the realities of U.S. involvement, in order to bolster the public's generally positive views.

The need to educate the American public about the complexities of hunger and its relationship to agricultural production and food supply is also critical and increased understanding of the entire food system is essential. Risks dealing with the biologic aspects of production, climatic concerns, costs of production as well as investment requirements are little known or understood by the American public, which is totally dependent upon the U.S. food system for their food supply. In addition, the major role that agricultural production plays in the U.S. economy and its effects on balance of payments and exports earnings is barely known by most Americans. Further, the need for continued basic agricultural research and appropriate use of such items as fertilizer are often lost in confusion over environmental issues or land use policies. Consequently, the Commission believes that a major effort to better educate the American public about the complexities of hunger and U.S. and international dependence on agricultural production is extremely important.*

PUBLIC EDUCATION EXPERIENCE

While the need for public education is clear, there are several impediments to upgrading existing efforts. Private voluntary organizations experienced in hunger issues and programs devote most of their limited budgets to urgently needed, direct-service development and feeding programs. They are constantly engaged in raising the money for these operational programs, and can allocate little to educational efforts not connected with fund-raising. As for the public sector involvement, the U.S. Executive Branch is forbidden to use public funds for any purpose which would tend "to induce lobbying for its programs" among the public. U.S. agencies responsible for international programs, in particular, are forbidden to express partisan views. On the other hand, the Congress has encouraged the Executive Branch to involve the public in

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* Commissioner Stockwell: "While I fully agree with this section of the report I believe it important to add that the need for public education in this area should not be limited to a narrow focus on hunger and agricultural production. What is needed is a broad understanding of the nature of development, of the problems of the current international economic order, of the ways in which our nation often helps and sometimes hinders the struggle against hunger -- in short, an educational process that raises the awareness of our citizens to the complexities and possibilities of a world where hunger need not exist and here the community of nations can find security and peace." (Also endorsed by Commissioners Chapin, Leahy, Nolan and Simmons.)

deliberations on major national issues such as public safety and environmental protection, and has funded public participation programs in these fields.

Such efforts to educate the public about particular issues vary widely in their effectiveness, and cannot guarantee, in and of themselves, the attainment of the goals toward which they may be directed. Public education efforts on issues such as smoking, automobile safety, innoculations against certain diseases, dental hygiene and the importance of exercise and proper diet -- though not directly comparable to a long-term international issue such as world hunger -- have varied widely in their results.

Nearly all of these social activities have also been influenced, to one extent or another, by governmental regulation or legislation. Governmental action on these problems, while facilitated by public education efforts, has ultimately occurred in response to specific political pressures on one or several Federal institutions. An attempt to marshal U.S. resources to meet an international problem, in the face of strong competing concerns about domestic issues, and whose domestic consequences are still poorly perceived by many Americans, will require even more vigorous efforts to generate sustained political commitment.

Among foreign nations, Canada, Great Britain, Denmark, Norway, Sweden, and the Netherlands all support public education programs on developing country problems. Such public education and information programs on global issues have enjoyed broad government support in Europe and Canada over the last decade. These programs are designed to create a sense of solidarity with developing country nations, and to generate public support for each country's development activities. Appropriations vary from country to country, but are usually determined as a percentage of the country's development budget. If the United States spent the equivalent of the public education expenditure of the Ministry of Development in Denmark, $26 million would be available a year for public information programs. The Canadian government disperses 3 million dollars a year in matching grants to non-government organizations for development education. A much smaller country, the Netherlands, spends $5.5 million tax dollars a year on a broad, multi-level development education program. All of these nations substantially exceed the United States in the proportion of GNP allocated to economic development assistance. But few Americans are aware of how much other nations are doing in development assistance -- or of the extent to which U.S. aid has declined since Marshall Plan days.

ACTIONS REQUIRED

In view of the need for a nationwide, long-term effort to marshal the degree of public understanding and support required for appropriate U.S. actions to eliminate hunger by the end of the century:

The Commission recommends that the Congress provide funds to establish an organization to educate and inform the American public about world hunger.*

The Commission believes that this organization's efforts should be guided and overseen by a governing board comprised of representatives of private and public institutions (including Federal agencies and the Congress) which now study, monitor and analyze both the adequacy of U.S. efforts to ameliorate world hunger and the impacts of broad U.S. economic policies on hunger-related issues. The organization would implement a focused and effective plan to inform the public about its findings, specifically including the disbursement of small grants to private organizations to conduct educational programs in their own areas and regions. As a basis for the educational activities of this new organization, the President should request the International Development Cooperation Agency annually to assess the status of world hunger and the effectiveness of the U.S. role, in the context of international efforts, to ameliorate world hunger, and to make such reports widely available to the public.

Such an organization should be established initially with Government funds as "seed money," but over time such Government support should decline to about one third of that organization's total budget. The remainder of its funding should be sought from private institutions, including those whose representatives would form the overall governing body. Government funding is essential to ensure the necessary flow of information through the end of the century, and private funding is needed to both maintain an appropriate level of effort and to widen the range of perspectives and sources of support. The Congress should also provide funds for evaluating the effectiveness of this public information program, in keeping with, but complementary to normal Congressional oversight activities.

This effort must also include a continuing public participation mechanism, including representatives from private organizations. This public participation mechanism should be directed toward both educating the public on domestic food and farm issues, and discerning their views about the most effective means of

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*Commissioner Wharton: "While I strongly concur with the above recommendation, I also urge the creation of a permanent advisory body to continuously monitor, evaluate, and recommend appropriate changes in U.S. domestic and international policies which affect world hunger. Through its ability to keep abreast of changing needs and conditions, such an organization could provide the President with more continuity of advice and policy guidance than can short-term commissions such as our own--which, in the absence of a permanent body, will inevitably be appointed at periodic intervals during the long-term process of overcoming world hunger." (Also endorsed by Commissioners Gilman, Schneider, Simmons and Stockwell.)

eliminating global hunger. Of particular concern, in this regard, is the development of appropriate educational material on food and hunger issues. In meetings and discussions with the American school community, the Commission has observed a substantial interest by educators in integrating information about world hunger into the school curriculum.

Efforts to develop relevant educational materials can and should also be supported within the framework of existing legislation. The Commission suggests that annual fiscal support for elementary and secondary education should allocate funding specifically for hunger education, to be used for school libraries and instructional resources, special projects, and training, improving local education practices, and professional development for hunger education studies. The Commission also urges that additional funds be used for hunger education under the Higher Education Act for college library resources and educational television programming. Finally, community public libraries should also receive annual appropriations for public library resources and community education programs on hunger concerns.

NOTE: Additional views on this section by Commissioners Chapin, Gilman, Leahy and Nolan appear in Appendix C.

SECTION VII

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

SECTION VII
SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

> *I-203. The Commission shall develop recommendations designed to significantly reduce world hunger and malnutrition; and shall develop various options for harnessing available resources to carry out those recommendations, including policy options for improving the capacity of the United States to reduce the problems of world hunger and malnutrition.*
>
> *Executive Order 12078. September 5, 1978*

INTRODUCTION

The Presidential Commission on World Hunger believes that the 1980s must be a decade of concern for human life and wider participation in development. The Commission is also convinced that the most effective demonstration of that concern will be the intensification of worldwide efforts to overcome hunger and malnutrition and to stimulate self-reliant development. Of all the challenges facing the world today, agreement by the nations of the world on the actions required of all countries to eliminate hunger may be the most important, and may also provide the most promising basis for other international actions to assure world peace. By placing the elimination of hunger high on its national agenda, the United States will demonstrate a major commitment to undertaking one of the most important tasks facing mankind.

The establishment of the Presidential Commission on World Hunger is, in itself, evidence of this Government's resolve to strengthen and accelerate its own

efforts to assure an adequate diet for all. The Commission has carefully considered the reasons why the United States should be concerned about hunger. It has also analyzed the dimensions of world hunger, its causes and future implications, and the lessons learned from previous development and relief activities aimed at alleviating hunger at home and abroad. It has thoroughly reviewed other major policies and activities, such as international trade, debt, and food security. In this process, the Commission has also drawn a wide range of insights from various studies and strategies, national and international, to improve its understanding about world hunger and what is necessary to resolve the problem.

As a result of this analysis, the Commission concludes that the United States must make the elimination of hunger the primary focus of its relationships with the developing world beginning with the decade of the 1980s and that as a step toward this new focus, a major reordering of national and international priorities is essential. This focus can be most easily demonstrated in U.S. assistance programs and policies, but to be a reality, it must include all interaction with the developing world, particularly as a major component in the continuing "North-South" dialogue and as part of our contribution to the United Nations Third Development Decade.

The U.S. commitment to overcoming hunger is based upon the belief that solutions to the problem of hunger represent the most fundamental assurance of human rights, and that through actions designed to help others feed themselves, the United States can make a major contribution to justice for all people.

CONCLUSIONS OF THE PRESIDENTIAL COMMISSION ON WORLD HUNGER

The Commission's conviction, that the United States must devote immediate attention to the problem of world hunger and the goal of self-reliant growth, is reinforced by the following major conclusions:

- o The major world hunger problem today is the prevalence of chronic undernutrition--which calls for a political as well as a technical solution. It is qualitatively distinct from the historically familiar story of recurrent famines--the local, transient and visible tragedies brought about by drought, flood, pestilence, and other calamities. The extent of chronic undernutrition is global; it is an integral part of the overriding issue of world order in the decades ahead.

- o This world hunger problem is getting worse rather than better. There are more hungry people than ever before. Despite some encouraging signs of progress following the World Food Conference, at least one out of every eight people on earth is still afflicted by some form of malnutrition. Even after three successive years of good harvests, the world food situation is still precarious.

- World hunger has many interrelated causes, some of which result from scientific, technical and logistical problems. However, the central and most intransigent cause is poverty. Hunger, therefore, is primarily a political, economic, and social problem. The Commission concurs with the National Academy of Sciences that "in most countries social, economic and political measures not directly related to food are necessary to reduce malnutrition and improve health." U.S. action has direct and indirect impact on many of the decisions about such measures.

- A major crisis of global food supply--of even more serious dimensions than the present energy crisis--appears likely within the next 20 years, unless steps are taken now to facilitate a significant increase in food production in the developing nations. Such a crisis would have grave implications for all nations, including the United States; but those nations with the largest numbers of hungry people would suffer the most. Increased food production will not occur, however, without a market and will not benefit hungry people unless they acquire the purchasing power to enter that market.

- Rising global demand for food must be met within resource limits--of land, water, energy, and agricultural inputs--which are at present little understood by most Americans. There can be no lasting solution to the world hunger problem if the world persists in current practices which have already led to increasingly serious degradation of soils, grasslands, water resources, forests and fisheries.

- The task of overcoming hunger is long-term and will require special attention, year in and year out, on the part of the developing countries themselves, as well as the international community. Neither rapid increases in food production of developing countries, nor rapid increases in economic growth rates, nor the stabilization of world grain markets will, in themselves, cure widespread undernutrition.

- The challenge of overcoming hunger requires increasing the production of food on a self-reliant basis in the developing countries. More than increase in supply is required, however. While gains in productivity will become increasingly critical in the years ahead, they must neither be mistaken for nor subordinated to the goal of assuring more equitable access to food for all. To attain this goal will involve a continuing attack on the interrelated issues of poverty, population growth, food production and distribution, employment and income, in order to generate the effective demand that will spur production.

- The containment of world hunger will require specific responses to problems that arise within diverse countries, cultures and political systems. There is no ideal food, no perfect diet, no universally acceptable agricultural system waiting to be transplanted from one geographic, climatic, and cultural setting to another. Assistance programs from developed countries and international agencies must focus on self-reliant growth and respond to the needs of each country, and not be based upon a predetermined strategy which attempts to generalize needs and requirements.

- In addition to action by the industrialized nations, decisive steps to build more effective national food systems must be taken by the developing countries, which produce most of the food they presently consume. Essential support from external donors will also be required to help attain this goal.

- As the world's largest producer, consumer, and trader of food, the United States has a key role and responsibility in this endeavor. No significant progress is likely to be made without the active and wholehearted participation of the United States. However, the United States cannot--and should not--try to shape the international effort unilaterally.

- Efforts to eliminate hunger can succeed. The substantial progress achieved within the United States itself, as well as other countries since World War II, indicates that public awareness, appropriate government programs and increased income and productivity do reduce poverty and hunger. The techniques, methods and lessons learned from these examples are often replicable in other countries.

- U.S. domestic and foreign economic policies, as well as private activities, sometimes hinder rather than help efforts to overcome world hunger. U.S. actions with implications for hunger overseas go far beyond the relatively small role that U.S. foreign assistance plays in the overall complex of U.S. economic interactions with the developing world. They include domestic agricultural policies and consumer practices, trade, and foreign investment, as well as arms sales to poor countries. While it would be unrealistic to assume that economic conflicts of interest can be eliminated entirely from international economic relations, the United States can take steps to reduce existing conflicts between its national goals and the needs of hungry people.

- Much progress has been made in reducing the prevalence of hunger and malnutrition in the United States over the past decade. However, some segments of the U.S. population, notably Native Americans, migrant workers and the elderly, remain

vulnerable to malnutrition and related diseases. Further, there is a clear and immediate need for the establishment of a permanent authority to collect, analyze and disseminate essential information relating to the nutritional status of the American population. Despite Congressional directives to Federal agencies to submit proposals for a comprehensive system for monitoring the nation's nutritional status, little progress has been made to date.

- Federal feeding programs such as the School Lunch; Women, Infants and Children; and Food Stamp Programs have been very successful in addressing the problems of hunger and malnutrition in the United States. However, inflation and fiscal austerity policies threaten the advances that have been made to treat the symptom of hunger. Despite the successes of Federal feeding programs, modifications to improve their availability to the poor, better mechanisms for reaching such groups as the elderly and rural poor and closer monitoring of local administrative practices could lead to increased participation by those Americans in need.

- The pervasive existence of chronic undernutrition throughout the world is still exacerbated by conditions of outright starvation and food scarcity, often man-made. While improvements have been achieved in the coordination and operation of relief activities, further effort is required. However, the major impediment to effective famine and emergency relief is often the unwillingness of the governments of affected countries to acknowledge the problem. Of critical importance is the prevention of relief assistance for political or military reasons, thereby using hunger and famine as a weapon of armed conflict or political repression.

- The outcome of the war on hunger, by the year 2000 and beyond, will be determined not by forces beyond human control, but by decisions and actions well within the capability of nations and people working individually and together.

RECOMMENDATIONS OF THE PRESIDENTIAL COMMISSION ON WORLD HUNGER

Informulating its recommendations, the Commission quite deliberately did not restrict itself to those which are the most politically attractive and feasible. The listing of recommendations below is drawn from the preceding pages of this Report. The detailed rationale and implementation strategy for these recommendations appear in the sections or chapters themselves.

MAJOR RECOMMENDATION

The Commission recommends that the United States make the elimination of hunger the primary focus of its relationships with the developing countries, beginning with the decade of the 1980s.

UNITED STATES EFFORTS TO IMPROVE THE INTERNATIONAL ECONOMIC SETTING FOR COMBATTING HUNGER

Trade and Debt

The Commission recommends that:

The United States support continuing international efforts to create price-stabilizing agreements for those commodities of particular interest to the developing nations. In particular, this country should be prepared to accept an equitable share of the costs of maintaining buffer stocks which might be required by the agreements and should adopt an affirmative attitude towards the producers' price concerns;

The United States press for an early reopening of multilateral trade negotiations, under the General Agreement on Tariffs and Trade, with a view towards seeking further reductions in tariffs against manufactured goods, especially those labor-intensive products of most interest to the developing nations;

The extension of Generalized System of Preferences privileges be put on a sounder footing by extending such benefits on a fixed-term, multi-year basis; the Commission further recommends that the present list of eligible products be expanded to the maximum extent possible under existing Executive authority;

The United States take an active role in the continuing General Agreement on Tariffs and Trade negotiations aimed at limiting the conditions under which quantitative restrictions may be imposed against another country's exports; the Commission further recommends that this country move, in upcoming negotiations, to ease any such limitations to which it is a party; finally, the Commission recommends that the Congress and Administration act to forestall domestic pressure for such limitations by extending specially targeted trade adjustment assistance programs to industries and localities particularly hard hit by new influxes of imports;

The Senate speedily approve, and the Administration support, H.R. 1543, the Trade Adjustment Assistance Act of 1979, without weakening amendments. The Commission also recommends that the Congress appropriate the funds necessary for full implementation of the Act and urges the Department of Labor and the various state governments to take those steps necessary to assure prompt and efficient delivery of benefits and services provided for under the Act;

The United States Trade Representative press for inclusion of a code of minimum labor standards within the framework of the General Agreement on Tariffs and Trade, which would provide an appropriate forum for discussion and resolution of disputes; the Commission further recommends that the

International Labor Organization be designated as the fact-finding agency for disputes coming under terms of the code;

The authority granted the President under existing legislation to allow the least developed countries to place amounts owed this Government into local currency accounts for development purposes be extended to apply to all non-oil developing nations; the Commission further urgently recommends that the Congress appropriate the necessary funds to make implementation of these provisions possible;

The Congress eliminate restrictions which limit the President's authority to provide development assistance to the "relatively least developed" nations on a grant basis; the Commission further recommends that the President use existing legislative authority to increase the proportion of aid provided as grants, consistent with maximizing the development impact of available resources; and,

The Congress, in connection with the bill to increase the U.S. quota in the International Monetary Fund, adopt provisions instructing the U.S. representative to the Fund to use his/her influence and authority to safeguard the basic human needs of the poorest people in the borrowing nations. In particular, the Commission supports the amendment to that effect which has been offered by the Chairman of the House Banking Committee.

Corporate Involvement

The Commission recommends that:

Non-profit foundations, in cooperation with the private sector and representatives of developing countries, establish a non-governmental clearinghouse to encourage mutually-beneficial collaboration between developing countries and U.S. investors, particularly small firms, in the food and agriculture sector;

The United States fully support current United Nations efforts to prescribe standards for investment on the part of international corporations in developing countries, and that U.S. representatives insure that these standards include balanced requirements for both the corporate investor and the developing country. Congress should consider adopting appropriate sections of the proposed U.N. code of conduct as U.S. law;

The President call a meeting of major corporate and agribusiness leaders to personally encourage such industry representatives to provide their own views to the President and the public on international corporate investment in developing countries, with particular emphasis on corporate responsibility and action in the eliminations of world hunger; and,

The U.S. Department of Agriculture and the FAO take additional steps to increase the flow of public information dealing with food supply and demand conditions of both an emergency and commercial nature.

World Food Security

The Commission recommends:

The United States press for an early resolution of issues impeding the establishment of a global system of reserves, and support the efforts of developing countries which might wish to create their own reserves;

The maximum stocking level of the U.S. farmer-owned reserve be increased to 30 million tons of wheat and that the price at which farmers are allowed to sell their reserve holdings be set at a level to preserve the reserve for major international emergencies and to assure farmers an equitable return on their labor and investment;

The United establish a Government-held reserve to support P.L. 480 commitments; and,

U.S. farm policy be directed toward enhancing farm structure whereby producers operating small- and medium-size, economically productive farms will be assured an equitable return on their labor and investment comparable to returns to other sectors of the economy, and that the Department of Agriculture put greater emphasis upon the conservation of soil and water resources, particularly during periods when maximum productivity is a goal, for the purpose of assuring a strong agricultural system.

UNITED STATES EFFORTS TO COMBAT HUNGER THROUGH DEVELOPMENT ASSISTANCE

The Commission recommends that:

The International Development Cooperation Agency be significantly strengthened and that its Director be accorded Cabinet-level status, so that the objectives of ending hunger and providing equitable economic development can be more effectively integrated into U.S. foreign policy and planning;

The United States move as rapidly as possible toward the United Nations' goal of 0.7 percent of Gross National Product as this nation's net disbursement of concessional economic assistance. Appropriations for this purpose should be made available on a multi-year basis, independent of Security Supporting Assistance, and "untied" from narrow domestic economic interests;

U.S. development assistance be targeted selectively at poor nations strongly committed to meeting basic human needs and rights, as determined by the application of existing effectiveness criteria;

AID strengthen its own agricultural and managerial competence while simultaneously expanding its reliance on appropriate intermediary organizations for the design and delivery of technical assistance. The

Commission further recommends that AID give far more attention to nutrition as an integrating theme for its program activities in agriculture, health care, education and family planning;

Federal, state and university funding be increased for internationally oriented research on food and nutrition, and accompanied by a corresponding commitment to redirect U.S. scientific talent toward the food and development problems of the developing countries through programs designed to help create or strengthen indigenous agriculture and research institutions in those countries;

The United States should support agrarian reforms both directly and indirectly through bilateral and multilateral food and development assistance programs. It should also support a multilateral institution or arrangement that would provide capital and technical assistance to facilitate changes in inequitable land tenure patterns;

The International Development Cooperation Agency and the Agency for International Development should give increased emphasis to integrated policies and programs to improve the employment and income earning opportunities of the poor, starting with, but not limited to, the food supply sector. The Commission further recommends that the Congress, in legislation, and IDCA, through appropriate policy directives, give explicit recognition to the development and dissemination of capital-saving technologies as an important program area;

The United States continue to support changes within World Bank practices that facilitate the meeting of basic needs, encourage sensitivity to structural concerns and increase the U.S. contribution to the Bank's supply of capital for concessional loans to the neediest nations;

The United States give far higher priority within its overall development assistance efforts to implementing requests for help in planning, financing and carrying out nutrition interventions designed to meet the chosen nutritional targets of individual nations;

Congress undertake a complete revision of the P.L. 480 Food for Peace program--to enable the program to accord more closely with the New Directions approach to development assistance; and,

The United States strengthen its professional and financial inputs to selected U.N. programs and agencies with proven effectiveness in efforts to alleviate malnutrition, hunger and poverty.

DOMESTIC HUNGER AND MALNUTRITION: OVERCOMING HUNGER AT HOME

The Commission recommends that:

The United States Government undertake a systematic effort to assess the nutritional status of American citizens, and that the President direct the

Secretary of HEW to immediately establish a National Nutrition Surveillance Program to coordinate nutrition surveillance activities with other Departments and agencies involved in nutrition programs; and that health care legislation provide greater emphasis upon preventive measures like nutrition that would appear to be more cost saving than the current approach to deal with the after-the-fact treatment and recovery;

The Administration and the Congress act to remove the expenditure limit on Federal funding for Food Stamps, to increase resources for all domestic feeding programs which have a demonstrated record of success, and to improve outreach efforts and certification procedures to increase participation among eligible citizens, with special attention to utilizing the resources of local private voluntary organizations; and,

The President and the Congress adopt a national policy of economic development, designed to foster balanced growth and full employment along lines which best utilize the resources and skills of this country, and that implementation of such a policy should include a requirement that the President, in his annual economic message, specify growth, employment, and sectoral investment goals for the following year and the administrative and legislative means proposed to achieve those goals.

THE NEED FOR PUBLIC EDUCATION

The Commission recommends that:

The Congress provide funds to establish an organization to educate and inform the American public about world hunger.

APPENDIX A

EXECUTIVE ORDER 12078

Presidential Commission on World Hunger

Executive Order 12078. September 5, 1978

By the authority vested in me as President by the Constitution of the United States of America, and in order to create in accordance with the Federal Advisory Committee Act (5 U.S.C. App. I) an advisory commission on the problems of hunger and malnutrition, it is hereby ordered as follows:

1–1. *Establishment of Commission.*

1–101. There is established the Presidential Commission on World Hunger.

1–102. The membership of the Commission shall be composed of not more than 20 persons from among citizens in public and private life as follows:

(a) Sixteen members shall be appointed by the President, who shall designate a Chairman and two Vice Chairmen.

(b) The President of the Senate and the Speaker of the House of Representatives are each invited to designate two Members of their respective Houses to serve on the Commission.

1–2. *Functions of the Commission.*

1–201. The Commission shall develop factual data as to the causes of world hunger and malnutrition. It shall review existing authorities and programs, public and private, national and international, which seek to address the problems of hunger and malnutrition; and, shall assess the extent to which those programs are meeting their objectives, and why.

1–202. In developing its data and assessing existing programs, the Commission shall review existing studies on world hunger and malnutrition, conduct additional studies where necessary, and hold such hearings or inquiries as may be helpful.

1–203. The Commission shall develop recommendations designed to significantly reduce world hunger and malnutrition; and, shall develop various options for harnessing available resources to carry out those recommendations, including policy options for improving the capacity of the United States to reduce the problems of world hunger and malnutrition.

1–204. In developing its recommendations, the Commission shall encourage public participation by holding hearings, issuing reports, and coordinating, sponsoring, or overseeing projects, studies, and other activities related to the understanding of the problems of world hunger and malnutrition. The maximum use shall be made of past and ongoing related government efforts of that nature.

1–205. The Commission shall coordinate its functions with local, state, national, and international agencies and organizations where appropriate.

1–206. An interim report on the status of its work and on its tentative recommendations shall be submitted to the President no later than July 31, 1979.

1–3. *Administrative Provisions.*

1–301. The Commission may establish subcommittees. Private citizens who are not members of the Commission may be included as members of subcommittees.

1–302. The Commission may request any Executive agency to furnish such information, advice, and services as may be useful for the fulfillment of the Commission's functions under this Order. Each agency shall designate an agency liaison with the Commission and shall, to the extent permitted by law and overriding priorities, and within the limits of available funds and personnel resources, furnish such information, advise, and services to the Commission upon the written request of the Chairman of the Commission.

1–303. The Commission is authorized to appoint and fix the compensation of a staff and such other persons as may be necessary to enable it to carry out its functions. The Commission may obtain services in accordance with the provisions of Section 3109 of Title 5 of the United States Code, to the extent funds are available therefor.

1–304. Each member of the Commission and its subcommittees may receive, to the extent permitted by law, compensation for each day he or she is engaged in meetings of the Commission or its subcommittees at a rate not to exceed the daily rate now or hereafter prescribed by law for GS–15 of the General Schedule, and may also receive travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5702 and 5703) for persons employed intermittently in the government service.

1–305. The General Services Administration shall provide administrative services, facilities, and support to the Commission on a reimbursable basis.

1–306. All necessary expenses incurred in connection with the work of the Commission shall be paid from the appropriation for "Unanticipated Needs" in the Executive Office Appropriations Act, 1978, or from such other funds as may be available.

1–307. The functions of the President under the Federal Advisory Committee Act (5 U.S.C. App. I), which are applicable to the Commission, except that of reporting annually to the Congress, shall be performed by the Administrator of General Services as provided by Executive Order No. 12024 of December 1, 1977.

1–4. *General Provisions.*

1–401. The Commission shall conclude its work and submit a final report to the President at least 30 days prior to its termination, including its recommendations for improving the United States' capacity to reduce the problems of hunger and malnutrition.

1–402. The Commission shall terminate on June 30, 1980 or earlier as directed by the President.

JIMMY CARTER

The White House,
September 5, 1978.

APPENDIX B

CHARTER

CHARTER

PRESIDENTIAL COMMISSION ON WORLD HUNGER

PURPOSE

To determine the basic causes of, and relationships between, domestic and international hunger and malnutrition; to identify and evaluate existing Federal and other programs and policies that have an impact on domestic and international hunger and malnutrition; to focus national and international attention on, and to improve understanding about, relationships between domestic and international hunger and malnutrition; to prepare reports which recommend policies, legislation or other actions to significantly reduce domestic and international hunger and malnutrition; to carry out educational and other activities designed to publicize such recommendations and assist in initial and substantive implementation of its recommendations. The Commission intends to accomplish its task within two years.

Authority

Executive Order #12078 dated September 5, 1978 and the Authorization and Appropriation Acts of the Department of State.

Function

The Presidential Commission on World Hunger shall:

(1) Promote within the United States a better understanding of the problems of domestic and international hunger and malnutrition, and recommend Federal and other actions to improve the capacity of the United States Government and other entities to assist in reducing significantly, and where possible, eliminate those problems;

(2) Conduct studies, inquiries, hearings, hold meetings; sponsor or oversee projects, studies, events, and other activities that it deems necessary or desirable to pursue the purposes of the Commission, being sure to identify, coordinate with, and make use of other activities and studies, which significantly impact on the Commission's work;

(3) Review and be informed of activities undertaken or planned by various public and private organizations and groups in the United States; and consult with such groups and stimulate such activities and programs (through community, civic, local, state, regional, national, and Federal organizations) as are designed to promote understanding and actions to reduce the root causes of hunger and malnutrition;

(4) Drawing upon the information obtained from its activities, it shall prepare an interim and final report and recommendations to the President on national and international policies which are designed to improve the Federal Government's capacity to reduce significantly hunger and malnutrition in the U.S. and in other nations;

(5) Conduct educational and other activities to publicize its recommendations and assist as appropriate, in the implementation of those recommendations.

Structure

(1) The Presidential Commission on World Hunger shall consist of up to sixteen persons who are not full or part-time executive branch employees, appointed by the President. The President of the Senate and the Speaker of the House may designate two members of each House to serve on the Commission.

(2) The President shall designate a Chairman and two Vice Chairmen from among the appointed members. The Chairman shall:

(a) call meetings of the Commission and approve its agenda;

(b) appoint and instruct all subcommittees and consult with such experts as deemed necessary;

(c) perform such other duties as shall be necessary in order to fulfill the Commission's responsibilities as set forth in Executive Order #12078.

(3) The Commission is authorized (a) to establish such subcommittees, the membership of which may include persons not members of the Commission, as it may deem necessary to carry out its purposes and (b) to hire consultants to undertake assignments of a specialized nature for the Commission or to meet with the Commission to give expert advice.

(4) There shall be an Executive and Deputy Executive Director. The Executive Director will be the principal policy advisor to the Chairman and the Commission. The Executive Director will also provide policy guidance to the Commission staff and will report directly to the Chairman. The Commission staff shall perform such duties as are necessary to enable the Commission or its subcommittees to discharge their responsibilities.

(5) Responsibility for support services is assigned to the General Services Administration.

Meetings

Meetings shall be held at the call of the Chairmen. All meetings of the Commission shall be open to the public. Estimated meeting frequency for the Commission is six meetings a year for a total of twelve over the Commission's life.

Compensation

Each member of the Commission and its subcommittees may receive, to the extent permitted by law, compensation for each authorized day he or she is engaged in meetings of the Commission or its subcommittees at a rate prescribed by law for GS-15 of the General Schedule, and may also receive travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5702 and 5703) for persons employed intermittently in the government service.

Annual Cost Estimate

Total estimated annual cost of operating the Commission, including staff support, consulting and travel and all other expenses is $1.5 million. Estimate of total annual manyears of effort is 35.

Reporting

The Commission shall report to the President, pursuant to paragraphs 1-206 and -1401 of Executive Order #12078. In addition, the Commission may issue interim reports on various subjects of concern to the work of the Commission as deemed necessary as well as the final Report to the President on its work and recommendations.

Termination Date

The Commission shall terminate on June 30, 1980.

APPROVED: Sol M. Linowitz

Sol M. Linowitz, Chairman

DATE: October 5, 1978

FILED: RECEIVED CMS OCT 19 1978

APPENDIX C

STATEMENTS BY COMMISSIONERS

This appendix contains additional comments and statements by some members of the Commission and represent only the views of the Commissioners who submitted or endorsed them. They are supplemental to the footnoted items that appear in the body of this Report. In accord with the request of these Commissioners, comments and statements are presented as submitted by them. In some cases, comments and statements refer to specific sections and chapters of the Report. References to such comments and statements are noted at the end of each relevant section or chapter.

STATEMENT BY COMMISSIONER BROOKS

Those of us who have been involved in the problems of world hunger for many years realized from the beginning of our assignment on the Commission on World Hunger that it would be impossible to write a perfect report. The problems of hunger are far too complex and too changing to do that. Even if we could write a perfect report for today, it would not be perfect tomorrow.

This Commission, however, has called to the attention of not only people in this country, but hopefully to peoples of the world, the great danger of hunger to mankind and at least some answers to the problems of hunger. We have pointed out that the problem is not only economic, but it is also political.

We have the technical know-how for the world to feed itself for the immediate future, but we do not yet have the will to do so. If we are to stop wars on this earth, we are going to have to make war on hunger our number one priority.

STATEMENT BY COMMISSIONER DENVER

The following is my concluding statement which I have asked to be included at the end of the report.

Recently, while considering the Commission and its work, I thought about the group who founded our country and wrote our Constitution. They too were individuals with other jobs and professions who were gathered together to respond to a great challenge. The success they achieved did not come from knowing all the answers or from eliminating their differences and viewpoints, but from producing a document which would respond to the problems at hand rather than try to eliminate them. They knew that the Constitution would need to be amended, that a Congress would have to implement it, a judicial system interpret it, and a President execute it.

I think it would be foolhardy, and even prideful, to think that we could do better than that. The fact that the Report of this Commission is identified as a "Final Report" tends to suggest some things that are not true. It implies that we, as a group, have reached a point of resolution that allows us to speak with certainty and finality, and with a single voice, about the myriad complex issues we have confronted. If we accept that implication, we will be saddled with the burden of defending the Report as something that it is not rather than respecting it for what it is.

The Report is, for me, the vehicle for summarizing and communicating the work we have done. It is appropriate for release, not because it contains all the answers or because all of the issues and disagreements have been resolved, but because it provides a necessary starting point for the next step. It should not so much be taken as a final statement on world hunger as it should be seen as an initiating point for public dialogue.

There is much in the report that is commendable. As a Commission we at times were able to function with clarity and even in some instances with wisdom and courage. Still, there are conclusions and recommendations which I personally consider lacking; I doubt that there is any Commissioner for whom this is not true. It is, nevertheless, a document of which we can all be proud and one which I sign with genuine pleasure.

It has been a privilege and an honor for me to serve on this Commission. I am grateful to the President for having established it and to the Congress for its legislative support; I commend them for their initiative. Many individuals have participated in the work of the Commission -- the Commissioners, the staff, the scores of organizations, experts, and concerned individuals who have given generously their insights and advice. In each instance I have been impressed by their commitment and their involvement. Even when I could not agree with their viewpoint, I benefited from their willingness to dialogue. Even where particular contributions are not obviously included in the Report, it is clear that their input has been invaluable in our deliberation.

The ultimate success of this Commission does not rely on how perfect our report is so much as it depends on the process it is able to stimulate within our nation and around the world. The report is an invitation and a plea to all people to become personally and individually involved in the work that we have only just begun. As a Commission, we have witnessed the inevitable temptation to make our disagreements and criticisms of each other's views more important than the job we have to do. If we are to succeed in moving beyond this Report, it will require that everyone continually transcend to that temptation; it will require that each of us remains conscious that our differences conceal the unity reflected through our shared goal.

After all of our discussions, where I think all Commissioners do agree is that hunger can be eliminated, and that it must be. If we can initiate widespread involvement and dialogue which leads all to that conclusion, our work will have become a "shot heard around the world".

STATEMENT BY COMMISSIONER DOLE

Although I agree with the broad objectives of the Commission's work, its approach has been seriously flawed from the beginning. Many of the findings in this report are an attempt to seek new ways to implement failed concepts. The ideological assumptions about the underlying causes of world poverty, the strategies for dealing with them, and America's role in what should be a comprehensive, coordinated policy are not consistent with my conception of our traditional philosopy of government. While not approving the means to the end, I still, however, must endorse the end itself: conquering world hunger.

In the chapter on Trade and Debt, I think the Commission is at least premature in trying to prescribe significent new trade and debt policies without much closer study of complex issues involving important competing national interests. For example, the Commission recommends blanket U.S. support for international commodity agreements of interest to developing countries, financial support for buffer stocks, and an "affirmative attitude" toward price concerns of developing countries. I am willing to examine each agreement that may be negotiated on its own merits, but neither the United States nor the world's hungry people benefit from agreements that try to maintain artificially high prices, adding to inflation and wrongly encouraging developing countries to increase reliance on commodity earnings. I also question the suggestion that scarce budget resources be devoted to international buffer stocks, when the distribution of benefits of those buffer stocks may be poorly related to the relative needs of the hungry in different countries.

The other Commission recommendations concerning trade include new multilateral negotiations directed at reducing tariff and non-tariff barriers on manufactured goods, expansion of tariff preferences to developing countries, and establishing minimum international labor standards. While each of these may be worthy long-term objectives, it must be recognized that these are very complex issues not only for the United States, but for most other developed and developing countries. Substantial progress was made in the recently concluded multilateral trade negotiations on tariff and non-tariff barriers, but all countries, including developing countries, must balance the benefits of further liberalization against the potential sudden dislocations of their domestic industries and workers. The trade adjustment assistance program can help reduce dislocations, but we must also be conscious of the high budgetary costs at a time when budget deficits and high inflation are sapping the economies of the world community.

Part of the problem this Commission addressed dealt with efforts by the United States to improve peace and stability in addition to living standards in the global community through the use of foreign aid and development assistance. In Section IV, we note that "since World War II, the United States has committed substantial resources to international development, and yet the problems of poverty and hunger seem to have grown worse..." As a result, the American disillusionment with current U.S. foreign aid programs prompted the reappraisal with a goal towards the reassessment of the success of those assistance programs.

The most serious problem now facing the Third World, however, is the steadily increasing pressure on their balance of payments due to rising oil prices, and the resulting world-wide economic slowdown. The recent Strategy for Peace Conference sponsored by the Stanley Foundation found that all "governments are operating on increasingly thin margins of flexibility," skating on the thin ice of economic disaster. In such circumstances, U.S. support and leadership of international development assistance efforts is essential. However, the commitment and involvement of other nations is equally important as is the need for the recognition of the American role in preserving peace and freedom through the costly maintenance of our vital military and defense forces. Without the stability our forces provide, the United Nations and other multilateral institutions would be forced to operate in an environment that would make developmental assistance pointless.

The issue of grain reserves as dealt with by the Commission is one more area which I believe causes great concern. The best reserve possible is the promotion of effective grain production around the world and insurance of an effective grain marketing system -- not by imposing restrictive reserve standards that have negative effects on those responsible for food production. I feel huge reserves would be counterproductive. The world could end up with less grain rather than more, because large reserves tend to depress producer prices, destroy production incentives and disrupt markets. These reasons, among others, force my dissent with the Commission's recommendations concerning the development of grain reserves.

A free-enterprise system of agriculture is the best mechanism to attain maximum production at the lowest possible price. Government programs that try to manipulate and regulate the market no matter what their goals purport to be more times than not end up as "disasters." Every time farm programs are implemented to keep surpluses high and farm product prices low, the American farmer to whom we have a primary responsibility ends up being hurt economically. We must encourage maximum food production at a fair price, and we should not support programs that disrupt the market and hurt the will and productivity of the world's most productive food machine -- the American farmer. Without a sound American agricultural industry we can never hope to reduce world hunger.

The specific objections I have outlined in the above paragraphs express a portion of my concern as to the direction the Commission's final report would take us if the recommendations were to be implemented. I want to emphasize that the basic ideological objective of ending world hunger is a goal we must never lose sight of when considering policy alternatives. However, I deeply feel that great care must be taken in outlining specific proposals to achieve our desired goal. The economic complexities involved with pursuing such a goal cannot be overlooked in light of current economic conditions in the nation today.

I do want to congratulate the Commission on its dedicated efforts in attempting to reach a consensus among the varying opinions and philosophies represented on the Commission. Although I have grave reservations about the proposed recommendations included in the report, it was a pleasure serving on the Commission, and I feel that this report will serve as a beginning and not an end to the world hunger dialogue.

Statement by Commissioners Chapin, Leahy, and Nolan*

Comments on the Preface(1)**

Public and Congressional concern was explicitly expressed through widespread support of a Congressional Resolution introduced on September 27, 1977. The resolution was cosponsored by 265 Members of the House and 51 Senators. Following hearings, the Senate adopted the measure by voice on October 27, 1977 and the House passed the resolution by a 364-38 record vote on November 1, 1977.

In a letter to their colleagues in the House of Representatives and the Senate, announcing the introduction of resolutions which urged the President to create a Presidential Commission on Domestic and International Hunger, the cosponsors, Senators Robert Dole and Patrick Leahy, Congressmen Benjamin Gilman and Richard Nolan, explained the purpose of such a Commission:

> "The goals of the Presidential Commission shall be (1) to establish clearly the causes of domestic and international hunger and malnutrition and their interrelationships; (2) to identify and evaluate existing programs and policies that are concerned with hunger and malnutrition; and (3) to present to the President and Congress specific legislative and other recommendations to significantly reduce hunger and malnutrition, and to outline specific steps for the development of a clearly defined and coordinated national food policy."

These goals have regrettably not been met, especially the second and third.

The report of the Commission, according to a statement by Senator Patrick Leahy in the Congressional Record of September 27, 1977, would address the relationship between U.S. agriculture and foreign policy.

> "The major purpose of the Commission would be to assess and evaluate U.S. public policies and programs which affect domestic and international hunger and malnutrition in order to recommend steps toward an effective national food, nutrition, and hunger policy. Specifically, the Commission would assess whether the hunger and malnourished are in fact receiving food and assistance, and the impact of such assistance. It would evaluate all economic and development assistance programs as to their effect on the food production system of the recipient countries, especially on their ability to produce adequate amounts of food for their own domestic consumption, and on the hunger and malnourishment in those countries. THE COMMISSION WOULD ASSESS THE IMPACT OF OUR DOMESTIC FOOD AND AGRICULTURAL PROGRAM AND POLICIES ON THE DOMESTIC AND WORLD FOOD SUPPLY, HUNGER AND MALNUTRITION, AND THE RELATIONSHIP BETWEEN EACH. IT WOULD ESPECIALLY ADDRESS THE CONTINUING PARADOX OF INCREASING WORLDWIDE HUNGER AND MALNUTRITION IN THE FACE OF BURDENSOME GRAIN SURPLUSES IN THE UNITED STATES. Throughout the consideration of

*Portions of this statement are endorsed by other Commissioners and are so noted.
**Numbered footnotes on Chapin, Leahy and Nolan statement are located on page 232; these footnotes refer to related materials in Sections I-VI.

each of these questions the COMMISSION MUST EVALUATE THE RELATIONSHIP OF EACH PROGRAM AND POLICY TO THE OTHERS AND THEIR COHESIVENESS AS ONE NATIONAL POLICY."

The most glaring issue not addressed is the most important,--the interrelationships between our economic and governmental policies and hunger. For example, does a U.S. agricultural policy based on increasing exports conflict with self-reliance and if so, what are the implications for domestic agriculture, our balance of payments and domestic food prices?

Regrettably, the Commission in no way resolves what Senator Leahy called "...the continuing paradox of increasing worldwide hunger and malnutrition in the face of burdensome grain surpluses in the United States." (See additional comments on U.S. Farm Policy.)

Addendum To The Preface[2]

Although self-reliant development is frequently mentioned as a goal of U.S. development assistance policy throughout the body of the Report, it is by no means integrated in a manner that contributesto the overall coherence of the findings and recommendations.

The best single definition of self-reliance can be found in the Cocoyoc Declaration of 1974:

> "We believe that one basic strategy of development will have to be increased national self-reliance. It does not mean autarchy. It implies mutual benefits from trade and cooperation and a fairer redistribution of resources satisfying the basic needs. It does mean self-confidence, reliance primarily on one's own resources, human and natural, and the capacity for autonomous goal-setting and decision-making. It excludes dependence on outside influences and powers that can be converted into political pressure. It excludes exploitative trade patterns depriving countries of their natural resources for their own development. There is obviously a scope for transfer of technology, but the thrust should be on adaptation and the generation of local technology. It implies decentralization of the world economy, and sometimes also of the national economy to enhance the sense of personal participation. But it also implies increased international cooperation for collective self-reliance. Above all, it means trust in people and nations, reliance on the capacity of people themselves to invent and generate new resources and techniques, to increase their capacity to absorb them, to put them to socially beneficial use; to take a measure of command over the economy, and to generate their own way of life." (Commissioner Schneider endorses this definition)

You will find in the body of the Report our additional dissenting or concurring comments, some of which refer to the specific text and others which are general overview statements.

Comments on Sect. I., The Role of the U.S.: Challenges and Opportunities[3]

In 1976, Congress considered and passed the Right-to-Food Resolution. Among other things, the resolution (1) reaffirmed the right of every person in this country and throughout the world to a nutritionally adequate diet; (2) recognized that the need to combat hunger and malnutrition should be a fundamental point of reference in the formulation and implementation of U.S. foreign policy; (3) identified the need to improve domestic food assistance programs, to ensure that all eligible recipients have the opportunity to receive a nutritionally adequate diet, and to reduce unemployment; and (4) resolved that the U.S. should substantially increase its assistance for self-help development among the world's poorest people, and that such an effort be coordinated with expected efforts by international organizations, developing countries, and other developed countries.

The magnitude and entrenched nature of the hunger problem demand that an intensified program of action be undertaken now, not tomorrow, or 5 years from now. Only through expeditious action emanating from the highest levels or policymaking, can we hope to map out an integrated program identifying the near-term, intermediate and long-range components of a comprehensive strategy to alleviate hunger. The alternative consists of second and third best options which emerge in situations where ad hoc and crisis management strategies prevail. Witness this nation's energy concerns, as we no longer enjoy the comfortable use of resources which seemed unchallenged a decade ago.

Poverty not hunger constitutes the control strand in the web of underdevelopment.

Comments on Sect. II, Chapter 2: The Causes of Hunger[4]

Identifying "poverty" as the "basic cause of hunger" is only half of the "poverty/hunger" equation. It remains to articulate "the causes of poverty", which are: inadequate access to 1) "income-producing assets" and 2) the power to decide how to use them and the distribution of their benefits.

The instability of food supplies, whatever the reasons, as a technical problem, is not a cause of hunger but rather a symptom of the same poverty related, structural and political causes discussed above and therefore does not belong in this chapter.

While land ownership for all is not feasible in all parts of the world, the issue of who controls the land, and for whose benefit, is a Key element in agrarian reform throughout the world.

The higher farmworker productivity in the industrialized world is largely the result of capital-intensive, labor-displacing technology. We do not wish to imply that individual farmworker productivity in developing nations should be increased by labor-displacing technology. We recommend labor-intensive approaches to increase individual farmworker productivity, raising both farm income and levels of production without causing massive rural to urban migration. (Commissioner Stockwell also endorses this paragraph.)

In earlier drafts, the need to reduce post-harvest losses assumed a more preeminent position. We endorse the original level of emphasis placed on the need to address the problem of post harvest losses. A policy paper prepared for the Commission indicated that:

...Attempts to assess the extent of post-harvest grain losses have only recently been undertaken in a systematic manner. Early estimates of 10% are now considered very conservative by such organizations as the Food and Agriculture Organization. In parts of Africa where post-harvest grain loss has been studied, figures of 25% loss are not uncommon, and, in some countries of the Third World, especially where high humidity is a significant factor, 40% losses of grain are reported. That such discrepancies concerning the amount of losses exist clearly points to the need for major research in this area such as that proposed in 1979 by AID.

Comments on Section II, Chapter 3: The Prospects for Overcoming World Hunger: The Challenge Ahead[5]

We don't consider this representation as constituting a cycle. At best what we have is an enumeration of conditions towards which we are recommending development assistance efforts be directed.

It should be noted, that the poor in less developed countries are not alone in threatening the environment and that when they do so it is under duress for sheer survival, having been driven off more suitable acreage. On the other hand, when profit-motivated enterprises undertake export-cropping activities, large-scale tropical forest clearing, etcetera the environment is threatened needlessly and knowingly.

Comments on Sect. III, Introduction[6]

Section III[7] and subsequent ones (IV,[8] V)[9] lack a clear and consistent structural analysis adopted earlier. Mostly technical and economic remedies are proffered so that the reader may be left in doubt as to the priority need for basic structural and political reforms. Political, social and economic justice cannot be advanced simply by paying lip service to the most minor criticisms of the structural problems that are known to cause global hunger and poverty.

The temptation to use terms such as "political and economic realism,"[10] and "economic emancipation for the poor,"[11] is understandable when attempting to describe the different conditions and levels of development assosciated with hunger and poverty. However, these vague, amorphous, and nebulous terms need clarification to avoid confusing the reader.

It is <u>not</u> clear that "ways must be found to <u>expand</u> the utilization"[12] of multinational corporation resources. See Sect. III, Chapter 2[13] which calls for expansion of small and medium scale business activities, <u>not</u> multinational corporations.

Private capital flows are <u>already</u> having "major direct impacts on the economies of the poorest nations"[14] and will undoubtedly continue to. Therefore, measures should be adopted <u>now</u> which address multinational corporations ability to <u>disrupt</u> equitable economic development.

Comments on Section III, Chapter 1: Trade and Debt

There is no doubt or argument that trade, finance and investment and debt are indeed the most important and therefore most significant means of addressing the international economic inequities which impact on less developed countries' poverty and hunger. However, several caveats must be added in order to consistently address the report's theme of self-reliance as well as political and economic realities here and abroad.

First, the chapter questionably assumes a fundamentally "free trade"[15] approach which by definition camouflages the more appropriate "fair trade" issues.

Secondly, the chapter largely ignores the need for less developed countries' self-reliant development based upon production for local consumption--whether in commodities or manufactured goods. Less developed countries need to develop their own domestic markets by generating indigenous "effective demand" through more jobs and better incomes. On the national level, less developed countries cannot expect to increase individual purchasing power by relying primarily on foreign exchange receipts which seldom "trickle down" to the poor and hungry.

Third, following on this but returning to the actual thrust of the chapter, it behooves the U.S. to apply a Basic Human Needs approach (similar to that proposed in our comments on development assistance) in negotiating preferential trade, debt and investment arrangements with less developed country governments. This would serve to ameliorate not only the international economic inequities which must be addressed but also the national consideration of political commitment to "who benefits".

Finally, it is critical to note that U.S. domestic economic adjustment programs[16] must precede or be simultaneously implemented with various trade barrier reductions in order to protect U.S. labor interests and achieve the necessary political support required to achieve both domestic and less developed country development goals.

Cash Cropping:[17] Since many key Third World commodities are agricultural products, it is important to offer at least some critique of cash (or export) cropping patterns. While this is by no means a simple or clear-cut situation, much evidence suggests that emphasis on production of cash crops for export often occurs at the expense of production of basic foods for local consumption. Hence, higher prices for commodities without production controls could result in the diversion of more land to cash cropping, with perverse effects on human needs. A related critical issue is the long-term sustainability of less developed countries' natural resources. Some evidence suggests that cash cropping is accelerating, directly or indirectly, the deterioration of less developed countries' land.

Both U.S. multinationals and the U.S. Government have actively supported export cropping strategies in a number of ways. Sadly absent from the report is any evaluation of multinational corporation involvement in direct resource ownership and production in less developed countries or in the more common practices of leasing, contracting or joint ownership (in which most of the risks are shifted to the local producers). The U.S. Government, through aid programs and OPIC loans, has supported such multinational corporation activities. In the absence of strong development planning and an equitable sharing of resources, the wisdom of such intervention must be called into serious question.

[18] The cash crop dilemma presented by commodity agreements might be solved, in part, by international acreage allotment agreements. While admittedly difficult to negotiate, reduced acreage would have the dual benefit of freeing more land for the production of basic foods and reducing supplies of traded commodities (hence raising prices). Another partial solution would be an international tax on commodity trade, with revenues being used for equitable agricultural development.

[19] Perhaps no U.S. policy can guarantee equitable distribution of export crop earnings within the less developed countries but at least U.S. policies which promote inequities (see Cash Cropping note above) should be revised.

[20] While development assistance strategies, aimed at promoting basic human needs through redistributing income-producing assets are highly commendable and necessary (though not necessarily "painless") they are not exclusive of these same goals also being addressed in trade policies. See Basic Human Needs Agreement.

[21] Some note must be made that many Third World imports are actually antithetical to less developed countries economic development and wellbeing (i.e. capital - technologies which reduce needed development and are costly to operate), inappropriate foodstuffs (infant formula), luxury consumer goods, etc.)

[22] In addition to "diversification" the report should address the potentials of "value added" activities. For most commodities, less developed countries receive a very low (and for some commodities still decreasing) percentage of the final sales prices of products made from their primary products. On the average, less than 15% of final prices accrue to the less developed countries. One way to help the less developed countries acquire "diversification" and "value added" capital investments needed for activities would be through the so-called "Second Window" of the Common Fund, although it must be noted that the U.S. has been unwilling to contribute to the Fund, to date.

Although every effort to promote appropriate manufacturing in the less developed countries should be encouraged it is questionable that the U.S. in turn should completely relinquish its own manufacturing of specific products. The same basic criteria of self-reliance which apply to less developed countries should also be considered for the U.S.

[23] The text and recommendation only considers stablilizing prices not raising them. However in order to fully benefit the less developed countries, commodity agreements need to keep prices relatively stable, but at somewhat higher prices (which, in any event, will often more accurately reflect actual costs of production). To paraphrase Mahbub Ul Haq of the World Bank, stabilizing less developed country commodity prices at chronically low levels is simply to stabilize poverty conditions. (Commissioner Stockwell also endorses this paragraph.)

Although our report is focusing on U.S. efforts it is critical to note the increasing responsibility which OPEC must accept for the perilous debt situation which less developed countries are facing and we strongly encourage the OPEC countries to adopt appropriate policies which can relieve this burden and encourage self-reliant development in the non-OPEC less developed countries.

We would caution against underestimating the burden which commercial debts[24] present to the less developed countries and internal monetary stability at large.

Comments on Section III, Chapter 2: Corporate Involvement[25]

The tone of this chapter implies that certain multinational corporation activities which have a negative impact on the ability of the poor to feed themselves, are merely "inappropriate." This is much too weak given the record of past abuses. The questions at the end of the chapter call attention to the serious structural issues related to multinational corporation activities and we do not want to be in the position of endorsing increased corporate investment until those questions are answered satisfactorily. In addition, we prefer our original recommendations including the recommendation on the grain trade which ought to be cross-referenced with the chapter on World Food Security.[26]

First, we question the chapter's dominant focus on agribusiness[27] which accounts for only a small percentage of multinational corporation activities in less developed countries. Secondly, it is necessary to note that larger concentration of foreign-owned land is not completely a thing of the past, especially in areas of Latin America. Moreover, the trend away from direct ownership coupled with increasing multinational corporation concentration in the processing and marketing areas has also meant that smaller local producers assume all the risks involved in actual crop production while the multinational corporations benefit from the less risky and more profitable activities.

It is of questionable utility to include U.S. construcution/engineering consulting firms[28] in this chapter since the vast majority of their overseas activities in the less developed countries are aid funded and therefore not corporate investment, per se.

It is highly doubtful that a broad consensus[29] on the appropriate role of multinational corporations in less developed countries exists among developed and developing country business analysts.

The suggested examples of various sorts of food preserving activities[30] which multinational corporations might invest in are actually better suited to indigenous enterprise endeavors, since the technologies involved need not be highly sophisticated nor capital-intensive and in keeping with self-reliant development goals.

Note previous comment which points out that foreign ownership of large land units persists, especially in Latin America.

While there is no argument that less developed country governments must assume major "responsibility for choosing among alternative investment strategies..."[31] etc., it must also be pointed out that even if they are fully committed to self-reliant development and basic human need goals, these governments often lack adequate expertise in negotiating with multinational corporations and therefore would benefit from international guidelines.

The use of imperative ("must") language in this paragraph[32] is improper and offensive to developing countries.

It should be pointed out that the introduction of new product forms can also have deleterious effects (i.e. infant formula).

We question not only the use of additional U.S. Government money[33] to promote multinational activities in less developed countries but also current official U.S. programs in that endeavor. The chapter regretfully fails to analyze such programs of OPIC, etc.

Grain trade discussion[34] more appropriately belongs in Food Security chapter.

Export Sales Reporting:[35]

Export sales reporting by major grain traders to USDA, while improved since the 1972-73 disaster, is still seriously deficient. Two loopholes in the current reporting law which have important implications for world food security merit attention.

First, reports are not required until sales are actually delivered rather than when they are contracted. This allows the grain trading corporations time to hedge their sales on the U.S. futures markets, long before the farmer and the rest of the public has any knowledge of the new market situation. Second, only U.S. firms are required to report. Others, including foreign firms, foreign affiliates of U.S. firms, and foreign firms with U.S. affiliates, are under no obligation to report at all. The five large transnational grain trading corporations which control over 80 percent of U.S. trade (two U.S. firms have a 45 percent share) have not been shy to take advantage of this loophole. For instance, since the passage of the law, the percentage of sales made to Russia directly through the U.S. office of domestic firms has declined from nearly one-half to practically none.

USDA has indicated that it would support legislation which would give the Secretary of Agriculture discretionary authority to expand export reporting requirements to cover foreign firms and overseas subsidiaries of U.S. firms, but only in times of extremely tight supply. While this would be an improvement, it is largely after the fact. Legislation similar to HR 4992, which would extend reporting requirements to all traders, under threat of civil penalties and/or denial of the right to trade on U.S. futures markets, and require reporting at the time of contract, deserves strong support.

Addendum to Recommendations: Section III, Chapter 2[36]

1. The President should convene a meeting of agribusiness executives[37] in order to enlist their support in the fight against hunger and poverty. Using the Commission's Report as the basis of his appeal, the President should request specific proposals from the agribusiness which avoid the problems of the past and which reflect the Commission's findings and conclusions concerning the kind of development that is necessary to eliminate hunger and poverty in the developing countries. To further enhance the effectiveness of the meeting the President should also invite development experts from the less developed countries and public advocacy groups to participate in the discussion.

2. We recommend that the U.S. endorse the creation of a non-governmental center or clearinghouse[38] to encourage collaboration between American enterprises, small and large, and the developing countries. The center would serve to educate both American business executives and LDC officials about their different perspectives; promote joint ventures and turnover operation; encourage management training with a developmental emphasis; and collect and disseminate information on innovative projects.

3. We recommend that the U.S. fully support current U.N. efforts to draft an international code of conduct for multinational corporations.[39] The could could become part of operating standards in U.S. Government agencies dealing with multinational corporations in the less developed countries: OPIC, AID, USDA, Commerce and Export-Import Bank.

4. We recommend the formation of a mixed governmental and non-governmental mediation board (similar to the board in the Commerce Department concerned with illegal "dumping" of exports). Complaints such as the infant formula issue could be presented to the board for independent analysis and judgement. The advantage for the business community is that an orderly procedure would exist for coping with the most egregious examples of corporate misconduct.

Comments on Section III, Chapter 3: World Food Security[40]

We believe that world food security should be defined more precisely and find the following WFC definition acceptable. World food security is not a uniformly understood concept. It is used with a variety of meanings. In a broad sense, it means food security at the village or family level among the poorest people, so that their food consumption can at least be maintained at current levels, and progressively improved over time. Any disturbance in prices or supplies--whether caused by foreign events or decisions they will never hear about or by factors affecting their local conditions--can bring them to the point of starvation, irreversible physical damage and deep suffering. In this broad sense, food security is a function of all the factors affecting the maintenance and improvement of per capita food consumption, particularly in poor countries, including food production, income generation and distribution together with their capacity to earn foreign exchange. It also includes the adequacy of storage, port facilities, transport and food distribution systems to meet seasonal and special emergency food needs.

In a narrower more specialized sense, world food security means the stability of the international wheat market, the most widely traded food. It is understood that if wheat markets could be made more stable, wheat supplies would flow more easily from surplus to deficit countries at relatively predictable and reasonable prices. This improvement would reduce the uncertainty in interational food markets caused by natural or manmade factors. Countries depending on food imports would be better able to plan their own production investments, and the foreign exchange they would require to import food. Exporting countries could plan accordingly. Nowadays, even in this sense, food security is a concept that applies essentially to the developing countries, because most industrialized countries, with the exception of Japan, have become either broadly self-sufficient or exporters of wheat. Those developed countries that do import wheat devote a very small proportion of their foreign earnings to it and, therefore, are not seriously affected by sudden price rises.

The proposed solutions to the problems of food security vary according to the scope of its definition, and we find many different conceptions and views. However, the broader concept of the needs and effects on the poorest peoples must serve as the basis for assessing proposed policy measures. At the same time, given the complexity of the problems of food security, it is analytically useful to recognize three distinct but related aspects:

--It is related to the adequacy of food production and consumption systems within countries including the distribution of income.

--It is also a domestic problem in developing countries in terms of the adequacy of the infrastructure for the distribution of food, including storage, port facilities, transportation and information concerning crop and market conditions.

--It is a problem of international trade and adjustment, aid flows and the stability of international food markets.

Grain Reserves:[41] "The establishment of a system of grain reserves at the national, regional, and international level is a necessary, but not sufficient step toward increased world food security. Reserves in and of themselves do not assure that poor people will be fed. Nor do they have the alleviation of hunger as their only goal. Like other commodity agreements and buffer stocks, their primary goal is to help stabilize commodity prices and thus help promote consumer price stability and farm income stability. They can, however, serve the important function of carrying over stocks from plentiful years to lean years and thus increase the availability to supplies. To be fully effective, a global grain reserve system must be carefully managed and must be coordinated in such a way as to reduce the risk of severe shortages anywhere in the world."

Grain reserves do not feed hungry people. Rather, grain reserves stabilize supplies. If distributed in a manner which does not undercut LOCAL production which reaches the hungry people, grain released from the reserve will reduce hunger. The term "farm price stability"[42] in the second sentence is inaccurate. It should be "commodity price stability".

Farmer Owned Reserves:[43] The last sentence of first paragraph, the phrase "as individual farmers ..."[44] is unclear and should be eliminated or replaced by "At the same time, the release of the reserve during periods of tight supplies help prevent..."

First sentence, second paragraph[45] could helpfully be replaced by something like the following: "Since the U.S. is a major producer and the largest exporter, the Farmer Owned Reserves provides a degree of supply and price stability worldwide. It could have the additional benefit of putting developing countries in a somewhat better position to maintain grain purchases in times of tight supply, while helping to insure that the farmers.."

Third sentence, third paragraph[46] replace "which lead to starvation among poor people" with "which aggravates starvation (conditions) in poor countries."

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U.S. Farm Policy: Reference to LDC self-sufficiency in the recent past should be expanded upon and perhaps be moved up to the introduction to the whole chapter. Reference might also be made to the fact that some 90-95% of all basic food is produced internally in nearly every country, yet deficits in some countries are increasing for complex reasons.

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Genetic Diversity and Seed Patenting: Genetic diversity is a key to the survival of our food supply. It is agriculture's primary defense against pests, diseases, and changing environmental conditions. Yet, according to the National Academy of Sciences, many of our food crops are now "impressively vulnerable" due to their lack of genetic diversity.

This vulnerability has been given a big boost by plant patenting laws. In Europe, these laws have created so many legal nightmares that the Common Market is now actually outlawing many unpatented varieties. Dr. Erna Bennett of the Food and Agriculture Organization estimates that by the end of this decade three-quarters of all the vegetable varieties grown in Europe will be extinct due in large part to the enforcement of patenting laws.

Congress is currently considering legislation which would, among other things, allow the U.S. to join an international agency dominated by European governments and established to promote and standardize these laws worldwide. At the very least, there should be a thorough and careful review of this proposed legislation and all related laws currently on the books. Establishing laws to patent forms of life raises serious ethical questions and may establish dangerous precedents. Appropriate federal agencies should be directed to do long-range reviews of these laws in light of world food security, conservation, and diversity. Appropriate policies and legislative remedies would hopefully follow.

Closely interrelated with patenting laws are distressing trends within the seed industry. Patenting laws, strongly supported by some large seed companies, have encouraged concentration within the industry. The number of seed company takeovers, particularly by large pesticide, fertilizer, and drug companies, has increased dramatically over the last few years. This could well lead to oligopoly pricing and the potential that narrow economic self-interests will be determining the fate of humankind's common heritage--agricultural diversity. (Commissioner Stockwell also endorses the above four paragraphs commencing with Genetic Diversity and Seed Patenting)

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U.S. Farm Policy:

There is a fundamental contradiction between U.S. agricultural policies and the Commission's recommendation that the goal of development should be self-reliance. The Preliminary Report states: "Now only must more food be produced in a fashion that develops self-reliance for individual citizens as well as the nation itself."[50a] Yet America's agriculture economy is based on the concept of "comparative advantage" which means that in the interest of efficiency, the U.S. should concentrate on producing what it can produce most cheaply - grains - and other nations should do likewise. With the revenues from export sales, nations will theoretically be able to buy what they need to feed themselves. The Commission has found that in practice this system of export cropping does not work very well either in terms of feeding people or strengthening self-reliant development. It should come as no surprise that placing U.S. agriculture on an export footing has disrupted its own farm

sector. The economic wellbeing of farmers at home and abroad now is tied to the uncertain availability of export markets characterized by sharp price instability.

The availability of cheap grain from the U.S., which maintains one of the lowest price support levels for wheat and corn of any nation in the world, has been a double-edged sword for developing nations which have come to rely increasingly on grain imports to feed their people. Developing nations have increased their food production faster than in developed countries in some cases, but not as fast as population growth. The low or fluctuating prices of U.S. grain have added to the problem of food production in developing nations by making them more susceptible to market disruptions (which reduce the purchasing power to buy food) and by undermining price incentives for farmers to increase production.

The developing nations now are more dependent than ever on international commodity markets which have been repeatedly wracked by severe commodity supply and price fluctuations -- as occurred most recently during the food shortage years of 1972-74.

The consequences have been particularly harmful for developing nations because fluctuating commodity prices undermine their exchange rates, economic stability and rate of development. The low prices of U.S. grain exports -- which set "world market" prices because the U.S. dominates the international commodities trade -- undercut the market prices and support levels for agricultural commodities in developing nations. Food aid from the United States, for example, often has undermined commodity prices in developing nations, thus creating a disincentive to local production. The domestic price policy of the U.S. is projected upon the world, severely depressing world trading prices for grain. Such programs may be very expensive to operate if they require significant subisidies to farmers, but maximum benefit to both producers and consumers will result from strategies which bring grain to market at prices which reflect true costs of production.

Self-reliance in the developing countries will never be achieved as long as U.S. agricultural policies continue to work against it. Only when the U.S. agricultural system is itself more self-reliant will the contradiction between U.S. domestic and international policies be reconciled. Far-reaching changes in current policies will be required if U.S. agriculture is to be restructured on a more self-reliant basis. Such changes would involve strengthening the small and medium-sized farm as the principal unit of production; a reduction in nonrenewable energy usage; an improvement in conservation practices, tax reform; and an overhaul of the price support system. What is needed in short, is the recognition that the U.S. must undertake the same kinds of structural reforms that the Commission is recommending for the developing countries. The U.S. needs agrarian reform just as the developing countries do -- and for the same reason: in order to promote more equitable development.

Over the past several decades, long periods of low commodity prices, as well as other public policies, have benefited a minority of large farmers the most, thus treatening to undermine the resilience and productivity of domestic agriculture. On the average, 2000 farmers per week have gone out of business since World War II. There are about 2.7 million farms left today, but the largest 20% now have 80% of the sales.

The loss in farm numbers and the resulting increase in farm size was not merely an inevitable consequence of technology. According to the U.S. Department of Agriculture, public policies "have usually encouraged farm growth and consolidation by benefiting larger farms relatively more than the smaller farms." Rising public concern regarding the loss in farm numbers has led Agriculture Secretary Bergland to call for a full-scale national dialogue to evaluate the effects of public policy on farm structure.

A survey of various public policies reveals the legitimacy of Secretary Bergland's concern. Tax policy is one of the strongest public measures available to achieve a more equitable redistribution of income, yet, in agriculture most of the tax preferments go to the larger farms. Agricultural technology is energy intensive, making the productivity of agriculture more dependent on expensive fossil fuels. An adequate credit program is lacking for those who need it the most: new farmers and those with limited equity who cannot obtain credit from private sources. Agricultural research has been oriented toward large-scale, energy intensive and specialized production at the expense of maintaining systems of small and medium-sized family farms which employ smaller scale, less energy intensive technology, and diversified production patterns. Agricultural marketing after the first point of sale is generally beyond the control of farmers or consumers. Instead, a handful of multinational grain companies and large processing firms dominate the marketing of agricultural commodities, making both farmers and consumers powerless price-takers in the marketplace. Since the price support programs have always been based on production, which reflects existing patterns of landholding, the larger farms with a greater volume of production receive more benefits from commodity programs than the small and medium-sized farms. In sum, a variety of public policies have provided numerous benefits to large farms, thus encouraging their continued expansion even beyond economies of scale.

Among the many public policies which influence the structure of agriculture in the U.S., and inadequate commodity price policy - that is, the lack of price support -- has accelerated the trend toward fewer and larger farms. According to a recent GAO report entitled, Changing Character and Structure of American Agriculture: An Overview, farmers had to expand simply to maintain their income which was eroding because of narrowing profit margins. GAO called it a "fight for economic survival" as higher production costs and lower commodity prices trapped farmers in a cost/price squeeze. They were forced to expand in the hope that economies of scale would reduce costs on a per acre and per bushel basis and that increasing the volume of production would help them maintain their margin of profit.

Instead of achieving economic stability, the larger farms also ran into financial difficulty because of low commodity prices and spiraling production costs. GAO reported that the largest farms -- the 2% raising one-third of the our produce - are neither as productive, as efficient, nor as resilient as smaller farms. The larger farms, with their reliance on heavy capital expenditures, borrowed capital, hired labor and specialized production, are less able to withstand economic adversity. At the same time, higher capital requirements and operating costs make it more difficult for new farmers to enter agriculture and specialization makes them more dependent on fewer commodities for their income.

Crop specialization, economic pressure on farmers to expand production in the hopes of increasing their marginal return, and periodic calls to substantially expand production to meet intermittently heavy export demands, have resulted in higher productivity and production levels during the past several decades, but the increases have occurred at the expense of sound conservation practices. According to USDA, "soil erosion continues to be a resource problem of major proportions." In the Corn Belt, where much of the nation's row crops are grown, the average soil loss is 8.1 tons per acre per year, about twice the rate that is compatible with sustained productivity. As Secretary Bergland has said: "We are on a collision course with disaster" which threatens to destroy the long-range productivity of U.S. agriculture.

An additional threat to the U.S. agricultural system (and to LDC system as well) is the trend toward the genetic uniformity of food crops. The natural diversity of seed strains which always provided adaptation to specific ecological conditions and ensured resistance to pests and diseases, has all but disappeared in favor of high yield varieties created by huge seed companies. Although these seeds are particularly suited to capital and energy intensive agricultural methods, their genetic uniformity makes them vulnerable to pests and diseases that require increasing quantities of new and dangerous chemicals to control.

The trend toward fewer and larger farms also has undermined the economic base and social fabric of rural America. Rural communities flourished when surrounded by a large number of farmers who patronized local businesses. But when low farm income contributed to the migration of tens of thousands of farmers off the land, the rural economy deterioriated and the declining tax base reduced the quality of health care and other public services in rural areas. In turn, the people who left the countryside went to the cities to compete for jobs, thus increasing the unemployment and welfare rolls in many urban areas.

The continuing loss of farms in the United States, as the preceding analysis suggests, jeopardizes the stability of domestic agriculture and its ability to sustain existing levels of production. Few people disagree with the national objectives of encouraging a family farm system of dispersed, diversified agriculture, but unfortunately, public policies have encouraged the trend toward fewer and larger farms, thereby concentrating land ownership in fewer hands and converting U.S. agriculture to production patterns which undermine sound soil and water conservation practices.

Recommendations on U.S. Farm Policy[51]

We believe that the negative effects of low and fluctuating farm commodity prices threaten to undermine the resilience and productivity of U.S. agriculture and contribute to hunger in developing nations by reducing both the incentive to produce food and the purchasing power to buy it. Therefore:

1. We recommend that U.S. agricultural price support programs be structured in a manner which will give economically productive small and medium-sized farms the opportunity to receive an equitable return on their labor and investment, comparable to returns in other sectors of the economy.

2. We recommend that the U.S. press for an early resolution of issues impeding the establishment of a global system of reserves and support the effort of developing countries which might wish to create their own reserves, in support of domestic reserves, we urgently recommend that the maximum stocking level of the U.S. farmer-owned reserve be increased to 30 million tons of wheat and that the price at which grain is released from this reserve be set at levels which will assure that the reserves will be used only in periods of major production shortfalls and which will help maintain farm income at the price support level recommended by the Commission.

3. We recommend that the U.S. family farm system be strengthened through soil and water conservation measures designed to sustain the long-range productivity of agriculture, particularly during periods when government policies or market demand makes maximum productivity a goal, and through measures to support and encourage family farm enterprises.

Comments on Sect. IV, Development Assistance[52]

Earlier sections (I and II) of the Report conclude that hunger "calls for a political as well as a technical solution" and that because it is caused by poverty, hunger is "primarily" a political, economic and social problem. In other words, the Commission has identified hunger as a structural problem whose solution will require an unprecedented degree of awareness of its true causes and political will to change them. Yet the findings and recommendations offered in this chapter are inconsistent with the previous analysis and adopted self-reliance theme, in that they treat the problem as if it were susceptible to technical, bureaucratic and welfare remedies.

In some cases we accept the actual chapter findings and recommendations themselves but reject the emphasis (weak or strong) with which they are addressed. In other cases we actually disagree. For example, the analysis of New Directions (Finding 5)[53] is wrong. It insinuates that New Direction prevents AID from undertaking physical infrastructure and institution building projects. This is neither true in theory nor in practice. Few experts deny the need for such projects but do agree that other development agencies, like the multilateral development banks, are better suited to focus on them, assuming that at least indirect benefit does accrue to the poor. We therefore support the intent of New Directions that U.S. bilateral aid focus on the more direct benefit project types.

Examples of technical issues with which we disagree on emphasis would be technical assistance[54] and research.[55]

The faulty bureaucratic focus can be found throughout the chapter but is highlighted by repeated negative references to Congressional "intervention" in the development process. We agree that there are elements of short-term U.S. political and economic interests which undermine true development goals but do not accept that Congress alone is responsible as the chapter insinuates. Moreover, not all Congressional interventions are based on such ill-suited interests. Rather, awareness of the problems within the development assistance program has led to increasing Congressional involvement in the process.

Finally, essentially welfare-type solutions are recommended to address the worst aspects of hunger in the short run. We fully support immediate actions which actually do alleviate hunger but question the emphasis given to nutrition intervention programs.

More importantly, we do seriously question that there is a "developmental" use of food aid since (to quote the text) "there is an inherent contradiction between food aid, which increases the dependency of recipients upon donors, and measures to increase purchasing power and basic food production within the developing countries themselves."[56] Therefore, before we endorse "developmental" uses of food aid as short-term solutions we would call for a thorough investigation and analysis of the contradictions between self-reliant development and such programs which are likely to create dependencies on imports and disincentives to increased local agricultural production.

Cross-cutting all three of the chapter's themes (technical, bureaucratic, and welfare) is a call for significant increases in U.S. funding levels for development assistance. Although we support the intent of this recommendation we emphasize not the levels per se but rather the effective use of all development assistance funds based upon a targeted self-reliant and basic human needs approach.

In addition, the chapter reflects nothing of the debate among development experts over the issue of development assistance as an obstacle to self-reliance. The basic argument against aid is that it tends to reinforce local elites and therefore does nothing to improve the lot of the poor or makes it worse. In countries like Bangladesh, the Philippines, and Indonesia aid has contributed to increasing repression and declining living conditions. It is estimated that 90% of the food aid sent to Bangladesh benefits the middle class rather than the poor for whom it is intended. Whether or not one accepts the contention that since aid is an obstacle to structural change it should be ended, it is undeniable that aid is an intervention and therefore cannot be neutral or apolitical. For the optimists the issue becomes: how to intervene in a positive way; in a way that benefits the poor. The chapter has nothing to say about this dilemma surrounding development assistance and pays only lip service to the political aspects of hunger with the result that its recommendations are at best largely irrelevant.

Sections I and II stated that analyzing the causes of hunger inevitably entails a certain amount of "courage". It is ironic that in the Development Assistance Chapter "courage" is the quality most conspicuously lacking. Taken as a whole the main thrust of the recommendations is "business as usual" and more of the same. Our basic human needs agreement represents a new approach to the allocation of development assistance that takes into account the political aspect of aid as well as the political realities in the U.S. today. The experience of 25 years has clearly demonstrated that commitment to improving the welfare of the poor is the most important factor in the development process. The basic human needs

agreement elevates commitment from being just one of the factors to the factor that determines whether the U.S. should enter into bilateral aid agreements with specific countries. Not only is the basic human needs agreement consistent with the reports earlier analysis, it is also practical because it is based on effectiveness criteria. To recommend a massive increase in aid allocations without justifying that increase in terms of effectiveness is naive in today's climate of fiscal austerity. Without the basic human needs agreement to provide the conceptual framework for the recommendations, the chapter lacks both substantive and operative coherence.

The World Bank[57] as the world's most important development agency should reverse its policy of avoiding the difficult political issues surrounding structural change and focus its energies and resources on ways to implement asset redistribution in countries where it is essential to achieving equitable growth. It should also devote an increased percentage of its lending to agricultural projects aimed at small farmers and landless laborers.

We recommend that the U.S. instruct its representatives to the World Bank and other international lending agencies[58] to request that these institutions undertake a wide ranging review of their lending activities as they represent a commitment to New Directions lending and that the U.S. encourage these organizations to adopt a commitment to this type of lending and increase the U.S. contribution to the banks.

We endorse the chapter's recommendation on expanding the powers of IDCA[59] but would add that the Director of IDCA should be made a permanent member of the National Security Council.

Finally, we endorse the chapter's recommendations on national security priorities and redefinition,[60] land reform,[61] employment,[62] emergency relief[63] and international organizations.[64]

Basic Human Needs Agreement

While the Commission recognizes that the basic cause of hunger is poverty and is, therefore, a political problem as well as a technical problem, it has to date been reluctant to confront the highly sensitive political aspects of development. Yet the development experience of the last 25 years has taught the experts that it is no longer possible to view development solely in terms of economics. The following proposal is an attempt to deal directly with the political element of the development process by providing a mechanism whereby assistance can be allocated to those countries which have demonstrated a commitment to equitable growth.

We recommend that the U.S. institute a Basic Human Needs Agreement (BHNA) as the basis of its bilateral aid relationships. The purpose of the BHNA is to ensure that U.S. assistance funds are effectively utilized through projects and programs designed to alleviate hunger. Under the BHNA, the U.S. and the aid recipient would agree to work together toward specific and measurable development goals, for example, a reduction in infant mortality, a higher literacy rate, or a better distribution of income - and would allocate resources to reach those goals. The BHNA would function essentially as a contract in which the aid recipient agrees to pursue a development strategy aimed at overcoming poverty and hunger, in return for continued assistance from the U.S.

The advantage of the BHNA is that it provides a mutually acceptable set of expectations that would minimize misunderstandings between the U.S. and aid recipients. From the U.S. point of view, the BHNA provides both a justification and a method of accountability for the allocation of development funds that would serve to increase public confidence in the effectiveness of U.S. aid programs. Opinion polls indicate that while Americans support efforts to eliminate hunger and poverty in the world, they are generally skeptical of the value of foreign aid to the point of regarding it as a waste of money. As budgetary pressures increase, it will be ever more difficult to attain the funding levels recommended by the Commission unless it can be demonstrated that the results are worthwhile.

The BHNA would offer at least a partial solution to the Commission's finding that foreign aid is often used for short-term, political and military objectives, rather than development objectives. The BHNA would clearly separate these two categories of objectives thus avoiding the kind of situation that prevails in the Philippines where AID allocates hundreds of millions of dollars to a country officially rated by AID itself as having a "poor" commitment to development.

From the point of view of the aid recipient, the advantage of the BHNA is that it would receive - most likely - higher levels of aid for longer periods, and would not have to suffer yearly fluctuations in appropriations. In addition, the BHNA could easily be transformed into the foundation of U.S. bilateral trade relationships, which would mean that trade and tariff policies would be adjusted to complement the development strategy of the aid recipient. For example, a country which signed the BHNA would benefit from special consideration in terms of trade preferences and reduced tariffs on its exports. Clearly the extent of coordination of overall trade policy with development policy depends upon the strength of IDCA and whether or not it has the authority to implement the Commission's first recommendation: that the elimination of hunger be made the primary focus of U.S. relationships with the developing countries. Once developmental objectives receive the level of priority envisioned in the IDCA recommendation, the full potential of the BHNA will be realized.

The concept of the BHNA is a natural outgrowth of developmental criteria that are already part of existing legislation and AID policies. The BHNA brings together the general guidelines of the New Directions legislation and the specific performance criteria of AID's Country Development Strategy Statement document into more formal and unified package, but there is nothing new in terms of developmental objectives. The innovation of the BHNA is to make commitment the determining factor of the bilateral aid relationship rather than just one of many factors. It represents, therefore, a reordering of priorities in response to what the Commission has concluded about the nature of the hunger problem: that the key to its solution lies in the creation of political will to undertake fundamental structural reforms for the benefit of the poor.

The practical application of the BHNA will require a rethinking of U.S. foreign assistance relationships. At present, aid is offered (outside of countries where national security is the primary motive) to countries on the basis of need, which is calculated by AID according to a formula relating per capita

income, number of poor people, and commitment to development. Under the BHNA procedure however, a country like Bangladesh, undoubtedly in need of help, but which also carries an AID rating of "indifferent" as far as commitment to development is concerned, would probably receive little or no aid unless the government agreed to serious reforms, i.e. agrarian reform or its equivalent - aimed at providing the poor with the means to feed themselves.

An important corollary of the BHNA is the following recommendation: that U.S. firms receiving financial assistance from OPIC and the Export-Import Bank, be required to file a Hunger Impact Statement. The purpose of the Hunger Impact Statement would be to ensure at the very least, that private investment in the LDCs does not have an adverse effect on the poor, and more positively, that the financial aid be channelled toward projects and investments designed to have a beneficial impact on the income and living conditions of the poor. The criteria used to make this determination would be the same as those used by AID in assessing development commitment and performance. (Commissioner Denver endorses this concept of a Basic Human Needs Agreement)

Participatory Development:

The Commission has found that development efforts are most effective if the intended beneficiaries have a clear idea of the relevancy of the programs to their specific situation. This can be achieved by encouraging local participation in diagnosing problems, planning, designing, and implementing programs. Local people can then offer their special insights and cultural perspective of the problems and solutions to ensure the program's appropriateness and success. The importance of participation was a key issue at the WCARRD in Rome last summer where it was stated that:

> Participation should reflect their own identification of their needs and those of their community, and should result in action in which they are centrally involved in implementation of village level development projects. This means development not only <u>for</u> the people, but <u>by</u> the people and <u>with</u> the people.

Thus, it is requisite that the beneficiaries of aid no longer be considered the "subjects" to be developed, or the "targets" of someone else's good ideas, but rather that they become the central component in the development process, that the ideas come from them.

We therefore recommend that AID and other agencies involved with the formulation and implementation of development programs, adopt a specific format that encourages the participation of local beneficiaries in all levels of the process. We further recommend that development programs show proof of such involvement before funding can be granted. (Commissioner Simmons endorses this treatment of Participatory Development)

Women In Development:

The contribution, potentials and needs of women should be taken into account in the planning and implementation of development strategies. To ensure women's participation at all levels of the development process, measures must be taken to enhance women's access to education, adequate health care, agricultural credit and loans, equal pay for equal work and equal treatment in agrarian reform efforts. The scope of women's organizations and groups should be extended and strengthened to provide leadership at the village level and to help women become equal partners in and beneficiaries of, development. (Commissioners Schneider and Simmons also endorse this treatment of Women in Development)

Comments on Section V, Domestic Hunger and Malnutrition: Overcoming Hunger at Home[65]

The last sentence of the Introduction should read: "However, serious nutritional effects of poverty continue to be evident among various low-income and minority groups and more specifically structural strategies aimed at income and employment, increased productivity and domestic self-reliance are essential."[66]

We recommend that increased resources be provided to those domestic hunger programs which have a demonstrated record of success and that a systematic effort to assess the nutritional status of Americans be undertaken, and that outreach efforts be expanded and certification procedures improved in order to increase participation in the hunger programs among those who are eligible, and that the U.S. commit itself to a policy of national development that includes the same anti-poverty and anti-hunger approaches the Commission is recommending for the developing countries.

Comments on Section VI, The Need for Public Education[67]

According to the recommendations of the Commission, the United States Government is not properly organized to address the issues raised by the Report --

> The end result is that there is no voice within the United States Government that is either independent or powerful enough to defend long-term economic development goals against competing short-term political or military objectives.

If the elimination of hunger is to become the primary focus of our relationship with the Third World, governmental structure throughout must reflect the change.

1. Within the White House there be created a White House Office on Hunger, an office separate from the Domestic Council and the National Security Council which could view the impact of policies that cross jurisdictional boundaries in the bureaucracy and advocate within the White House staff for the elimination of hunger.

2. That the "new" White House Office on Hunger prepare legislative language based on the Commission Report and Comments for submission to the Congress. The legislation shall include all areas mentioned in the Report: aid, trade, domestic agriculture policy, etc.

3. That an advisory committee be established to advise the President on an ongoing basis of the appropriate steps necessary for the elimination of hunger. This advisory committee would also be responsible for dissemination of relevant information to the public.

4. That the House of Representatives and the Senate establish Ad Hoc Committees on Hunger with members from each of the relevant jurisdictional committees to implement the necessary legislative recommendations of the President.

FOOTNOTES TO CHAPIN, LEAHY, NOLAN STATEMENT

1) p. ix
2) p. x
3) p. 3 et seq.
4) p. 19
5) p. 29
6) p. 19
7) p. 49
8) p. 105
9) p. 153
10) p. 49 para. 3
11) p. 49 para. 3
12) p. 50 para. 3
13) p. 75
14) p. 50 para. 5
15) p.
16) p. 62
17) p. 54
18) p. 54 para. 2
19) p. 54 para. 5
20) p. 54 para. 5
21) p. 55 para. 6
22) p. 55 & p. 59
23) p. 63
24) p. 69
25) p. 75
26) p. 89
27) p. 76
28) p. 75
29) p. 77 para. 1
30) p. 77 para. 2
31) p. 80 para. 3
32) p. 81 para. 1
33) p. 84 para. 6
34) p. 87 paras. 1 and 2
35) p. 87
36) p. 84
37) p. 86
38) p. 84
39) p. 86
40) p. 89
41) p. 90
42) p. 90 para. 3
43) p. 91
44) p. 91 para. 4
45) p. 92 para. 2
46) p. 92 para. 3
47) p. 95
48) p. 95 para. 4
49) p. 100 para. 1
50) p. 95
50a) p. 36
51) p. 102
52) p. 105
53) p. 116
54) p. 117
55) p. 125
56) p. 140 para. 1
57) p. 132
58) p. 73
59) p. 112
60) p. 108
61) p. 129
62) p. 130
63) p. 143
64) p. 144
65) p. 153
66) p. 154 para. 2
67) p. 173

NOTE: Footnotes provide page references to Sections I-VI.

Statement by Commissioner Gilman*

Comments on the Preface[1]**

Public and Congressional concern was explicitly expressed through widespread support of a Congressional Resolution introduced on September 27, 1977. The resolution was cosponsored by 265 Members of the House and 51 Senators. Following hearings, the Senate adopted the measure by voice vote on October 27, 1977 and the House passed the resolution by a 364-38 record vote on November 1, 1977.

In a letter to their colleagues in the House of Representatives and the Senate, announcing the introduction of resolutions which urged the President to create a Presidential Commission on Domestic and International Hunger, the cosponsors, Senators Robert Dole and Patrick Leahy, Congressmen Benjamin Gilman and Richard Nolan, explained the purpose of such a Commission:

> "The goals of the Presidential Commission shall be (1) to establish clearly the causes of domestic and international hunger and malnutrition and their interrelationships; (2) to identify and evaluate existing programs and policies that are concerned with hunger and malnutrition; and (3) to present to the President and Congress specific legislative and other recommendations to significantly reduce hunger and malnutrition, and to outline specific steps for the development of a clearly defined and coordinated national food policy."

I regret that these goals have clearly not been met, especially the second and third.

The report of the Commission, according to a statement by Senator Patrick Leahy in the Congressional Record of September 27, 1977, would address the relationship between U.S. agriculture and foreign policy.

> "The major purpose of the Commission would be to assess and evaluate U.S. public policies and programs which affect domestic and international hunger and malnutrition in order to recommend steps toward an effective national food, nutrition, and hunger policy. Specifically, the Commission would assess whether the hunger and malnourished are in fact receiving food and assistance, and the impact of such assistance. It would evaluate all economic and development assistance programs as to their effect on the food production system of the recipient countries, especially on their ability to produce adequate amounts of food for their own domestic consumption, and on the hunger and malnourishment in those countries. THE COMMISSION WOULD ASSESS THE IMPACT OF OUR DOMESTIC FOOD AND AGRICULTURAL PROGRAM AND POLICIES ON THE DOMESTIC AND WORLD FOOD SUPPLY, HUNGER AND MALNUTRITION, AND THE RELATIONSHIP BETWEEN EACH. IT WOULD ESPECIALLY ADDRESS THE CONTINUING PARADOX OF INCREASING WORLDWIDE HUNGER AND MALNUTRITION IN THE FACE OF BURDENSOME GRAIN SURPLUSES IN THE UNITED STATES. Throughout the consideration of

*Portions of this statement are similar to that submitted by Commissioners Chapin, Leahy, and Nolan. However, the differences are such as to warrant a separate statement.

**Numbered footnotes for Gilman Statement are located on Page 251; these footnotes refer to related materials in Sections I-VI.

The most glaring issue not addressed is the most important,--the interrelationships between our economic and governmental policies and hunger. For example does a U.S. agricultural policy based on increasing exports conflict with self-reliance and if so, what are the implications for domestic agriculture, our balance of payments and domestic food prices?

Regrettably, the Commission has not resolved what Senator called "...the continuing paradox of increasing worldwide hunger and malnutrition in the face of burdensome grain surpluses in the United States." (See additional comments on U.S. Farm Policy.)

Addendum to the Preface[2]

Although self-reliant development is frequently mentioned as a goal of U.S. development assistance policy throughout the body of the Report, it is by no means integrated in a manner that contributes to the overall coherence of the findings and recommendations.

I request that the following definition of self-reliance be found in the Cocoyoc Declaration of 1974, be incorporated into the text of the Commission Report.

> "We believe that one basic strategy of development will have to be increased national self-reliance. It does not mean autarchy. It implies mutual benefits from trade and cooperation and a fairer redistribution of resources satisfying the basic needs. It does mean self-confidence, reliance primarily on one's own resources, human and natural, and the capacity for autonomous goal-setting and decision-making. It excludes dependence on outside influences and powers that can be converted into political pressure. It excludes exploitative trade patterns depriving countries of their natural resources for their own development. There is obviously a scope for transfer of technology, but the thrust should be on adaptation and the generation of local technology. It implies decentralization of the world economy, and sometimes also of the national economy to enhance the sense of personal participation. But it also implies increased international cooperation for collective self-reliance. Above all, it means trust in people and nations, reliance on the capacity of people themselves to invent and generate new resources and techniques, to increase their capacity to absorb them, to put them to socially beneficial use; to take a measure of command over the economy, and to generate their own way of life."

You will find in the body of the Report additional dissenting or concurring comments, some of which refer to the specific text and others which are general overview statements.

Comments on Sect. I., The Role of the U.S.: Challenges and Opportunities[3]

In 1976, Congress considered and passed the Right-to-Food Resolution. Among other things, the resolution (1) reaffirmed the right of every person in this country and throughout the world to a nutritionally adequate diet, (2) recognized that the need to combat hunger and malnutrition should be a fundamental point of reference in the formulation and implementation of U.S. foreign policy; (3) identified the need to improve domestic food assistance programs, to ensure that all eligible recipients have the opportunity to receive a nutritionally adequate diet, and to reduce unemployment; and (4) resolved that the U.S. should substantially increase its assistance for self-help development among the world's poorest people, and that such an effort be coordinated with expected efforts by international organizations, developing countries, and other developed countries.

The magnitude and entrenched nature of the hunger problem demand that an intensified program of action be undertaken now, not tomorrow, or 5 years from now. Only through expeditious action emanating from the highest levels of policymaking, can we hope to map out an integrated program identifying the near-term, intermediate and long-range components of a comprehensive strategy to alleviate hunger. The alternative consists of second and third best options which emerge in situations where ad hoc and crisis management strategies prevail. Witness this nation's energy concerns, as we no longer enjoy the comfortable use of resources which seemed unchallenged a decade ago.

Poverty not hunger constitutes the control strand in the web of underdevelopment.

Comments on Sect. II, Chapter 2: The Causes of Hunger[4]

Identifying "poverty" as the "basic cause of hunger" is only half of the "poverty/hunger" equation. It remains to articulate "the causes of poverty", which are: inadequate access to 1) "income-producing" assets and 2) the power to decide how to use them and the distribution of their benefits.

While land ownership for all is not feasible in all parts of the world, the issue of who controls the land, and for whose benefit, is a Key element in agrarian reform throughout the world.

The higher farmworker productivity in the industrialized world is largely the result of capital-intensive, labor-displacing technology. I do not wish to imply that individual farmworker productivity in developing nations should be increased by labor-displacing technology. I recommend labor-intensive approaches to increase individual farmworker productivity, raising both farm income and levels of production without causing massive rural to urban migration.

In earlier drafts, the need to reduce post-harvest losses assumed a more preeminent position. I endorse the original level of emphasis placed on the need to address the problem of post harvest losses. A policy paper prepared for the Commission indicated that:

...Attempts to assess the extent of post-harvest grain losses have only recently been undertaken in a systematic manner. Early estimates of 10% are now considered very conservative by such organizations as food and agriculture Organization. In parts of Africa where post-harvest grain loss has been studied, figures of 25% loss are not uncommon, and, in some countries of the Third World, especially where high humidity is a significant factor, 40% losses of grain are reported. That such discrepancies concerning the amount of losses exist clearly points to the need for major research in this area such as that proposed in 1979 by AID.

AID estimated loss rate in developing countries ranging from 5 to 10 percent of harvested crop. Nevertheless, AID indicated that "Reducing these losses by half by 1985 (a stated objective of the U.N. General Assembly) would save an amount of grain equivalent to 15 to 30 percent of the annual projected grain deficits (in most developing countries).

Comments on Sect. II, Chapter 3: The Prospects for Overcoming World Hunger: The Challenge Ahead[5]

I don't consider this representation as constituting a cycle. At best what we have is an enumeration of conditions towards which we are recommending development assistance efforts be directed.

It should be noted, that the poor in less developed countries (LDCs) are not alone in threatening the environment and that when they do so it is under duress for sheer survival, having been driven off more suitable acreage. On the other hand, when profit-motivated enterprises undertake export-cropping activities, large-scale tropical forest clearing, etcetera, the environment is threatened needlessly and knowingly.

Comments on Sect. III, Introduction[6]

The temptation to use terms such as "political and economic realism,"[7] and "economic emancipation for the poor,"[8] is understandable when attempting to describe the different conditions and levels of development associated with hunger and poverty. However, such terms tend to be vague, amorphous, and nebulous and thus confusing to the reader.

The term "price structures"[9,10] is not consistent with the remainder of the paragraph. "Terms of trade" or "balance of payments" should be substituted.

Comments on Sect. III, Chapter 1: Trade and Debt[11]

There is no doubt or argument that trade, finance and investment and debt are indeed the most important and therefore most significant means of addressing the international economic inequities which impact on LDC poverty and hunger. However, several caveats must be added in order to consistently address the report's theme of self-reliance as well as political and economic realities here and abroad.

First, the chapter questionably assumes a fundamentally "free trade" approach which by definition camouflages the more appropriate "fair trade" issues.

Secondly, the chapter largely ignores the need for LDC self-reliant development based upon production for local consumption--whether in commodities or manufactured goods. LDCs need to develop their own domestic markets by generating indigenous "effective demand" through more jobs and better incomes. On the national level, LDCs cannot expect to increase individual purchasing power by relying primarily on foreign exchange receipts which seldom "trickle down" to the poor and hungry.

Third, following on this but returning to the actual thrust of the chapter, it behooves the U.S. to apply a Basic Human Needs approach (similar to that proposed below for development assistance) in negotiating preferential trade, debt and investment arrangements with LDC governments. This would serve to ameliorate not only the international economic inequities which must be addressed but also the national consideration of political commitment to "who benefits".

Finally, it is critical to note that U.S. domestic trade adjustment assistance[12] programs must precede or be simultaneously implemented with any trade barrier reductions in order to protect U.S. labor interests and achieve the necessary political support required to achieve both domestic and LDC development goals.

Cash Cropping:[13] Since many key Third World commodities are agricultural products, it is important to offer at least some critique of cash (or export) cropping patterns. While this is by no means a simple or clear-cut situation, much evidence suggests that emphasis on production of cash crops for export often occurs at the expense of production of basic foods for local consumption. Hence, higher prices for commodities without production controls could result in the diversion of more land to cash cropping, with adverse effects on human needs. A related critical issue is the long-term sustainability of LDC natural resources. Some evidence suggests that cash cropping is accelerating, directly or indirectly, the deterioration of LDC land.

Both U.S. multinationals and the U.S. Government have actively supported export cropping strategies in a number of ways. Sadly absent from the report is any evaluation of multinational corporation involvement in direct resource ownership and production in LDC's or in the more common practices of leasing, contracting or joint ownership (in which most of the risks are shifted to the local producers). The U.S. Government, through aid programs and OPIC loans has supported such multinational corporation activities. These activities should be accompanied by strong development planning and an equitable sharing of resources.

Perhaps no U.S. policy can guarantee equitable distribution of export crop earnings within the LDC but U.S. policies which promote inequities (see Cash Cropping note above) should be revised.

In addition to "diversification"[14,15] the report should address the potentials of "value added" activities. For most commodities, LDCs receive a very low (and for some commodities still decreasing) percentage of the final sales prices of products made from their primary products. On the average, less than 15% of final prices accrue to the LDCs. One way to help the LDCs acquire "diversification" and "value added" capital investments needed for activities would be through the so-called "Second Window" of the Common Fund, although it must be noted that the U.S. has been unwilling to contribute to the Fund, to date.

Although every effort to promote appropriate manufacturing in the LDCs should be encouraged, the U.S. in turn should not completely relinquish its own manufacturing of specific products. Areas where complimentary trade activities can be established should be sought. The same basic criteria of self-reliance which apply to LDCs should also be considered for the U.S.

The text and recommendation only considers stabilizing prices not raising them.[16] However in order to fully benefit the LDCs, commodity agreements need to keep prices relatively stable, but at somewhat higher prices (which, in any event, will often more accurately reflect actual costs of production). To paraphrase Mahbub Ul Haq of the World Bank, stabilizing LDC commodity prices at chronically low levels is simply to stabilize poverty conditions.

Although our report is focusing on U.S. efforts it is critical to note the increasing responsibility which OPEC must accept for the perilous debt situation which LDCs are facing and we strongly encourage the OPEC countries to adopt appropriate policies which can relieve this burden and encourage self-reliant development in the non-OPEC LDCs.

I would caution against underestimating the burden which commercial debts present to the LDCs and internal monetary stability at large.[17]

Comments on Sect. III, Chapter 2: Corporate Involvement[18]

While there is no argument that LDC governments must assume major "responsibility for choosing among alternative investment strategies.[19]" etc., it must also be pointed out that even if they are fully committed to self-reliant development and basic human need goals, these governments often lack adequate expertise in negotiating with multinational corporations and therefore would benefit from international guidelines.

The use of imperative ("must") language in this paragraph[20] is improper and offensive to developing countries.

It should be pointed out that the introduction of new product forms especially, can also have deleterious effects (i.e. infant formula).

Export Sales Reporting:[21]

Export sales reporting by major grain traders to USDA, while improved since the 1972-73 disaster, is still seriously deficient. Two loopholes in the current reporting law which have important implications for world food security merit attention.

First, reports are not required until sales are actually delivered rather than when they are contracted. This allows the grain trading corporations time to hedge their sales on the U.S. futures markets, long before the farmer and the rest of the public has any knowledge of the new market situation. Second, only U.S. firms are required to report. Others, including foreign firms, foreign affiliates of U.S. firms, and foreign firms with U.S. affiliates are under no obligation to report at all.

The five large transnational grain trading corporations which control over 80 percent of the U.S. trade (two U.S. firms have a 45 percent share) have not been shy to take advantage of this loophole. For instance, since the passage of the law, the percentage of sales made to Russia directly through the U.S. office of domestic firms has declined from nearly one-half to practically none.

USDA has indicated that it would support legislation which would give the Secretary of Agriculture discretionary authority to expand export reporting requirements to cover foreign firms and overseas subsidiaries of U.S. firms, but only in times of extremely tight supply. While this would be an improvement, it is largely after the fact. Legislation similar to HR 4992, which would extend reporting requirements to all traders, under threat of civil penalties and/or denial of the right to trade on U.S. futures markets, and require reporting at the time of contract, deserves strong support.

Addendum to Recommendations: Section III, Chapter 2[22]

I recommend the formation of a mixed governmental and non-governmental mediation board (similar to the board in the Commerce Department concerned with illegal "dumping" of exports). Complaints such as the infant formula issue could be presented to the board for independent analysis and judgement. The advantage for the business community is that an orderly procedure would exist for coping with the most egregious examples of corporate misconduct.

Comments on Section III, Chapter 3: World Food Security[23]

I believe that world food security should be defined more precisely and find the following WFC definition acceptable. World food security is not a uniformly understood concept. It is used with a variety of meanings. In a broad sense, it means food security at the village or family level among the poorest people, so that their food consumption can at least be maintained at current levels, and progressively improved over time. Any disturbance in prices or supplies--whether caused by foreign events or decisions they will never hear about or by factors affecting their local conditions--can bring them to the point of starvation, irreversible physical damage and deep suffering. In this broad sense, food security is a function of all the factors affecting the maintenance and improvement of per capita food consumption, particularly in poor countries, including food production, income generation and distribution together with their capacity to earn foreign exchange. It also includes the adequacy of storage, port facilities, transport and food distribution systems to meet seasonal and special emergency food needs.

In a narrower more specialized sense, world food security means the stability of the international wheat market, the most widely traded food. It is understood that if wheat markets could be made more stable, wheat supplies would flow more easily from surplus to deficit countries at relatively predictable and reasonable prices. This improvement would reduce the uncertainty in interational food markets caused by natural or manmade factors. Countries depending on food imports would be better able to plan their own production investments, and the foreign exchange they would require to import food. Exporting countries could plan accordingly. Nowadays, even in this sense, food security is a concept that applies essentially to the developing countries, because most industrialized countries, with the exception of Japan, have become either broadly self-sufficient or exporters of wheat. Those developed countries that do import wheat devote a very small proportion of their foreign earnings to it and, therefore, are not seriously affected by sudden price rises.

The proposed solutions to the problems of food security vary according to the scope of its definition, and I find many different conceptions and views. However, the broader concept of the needs and effects on the poorest peoples must serve as the basis for assessing proposed policy measures. At the same time, given the complexity of the problems of food security, it is analytically useful to recognize three distinct but related aspects:

--It is related to the adequacy of food production and consumption systems within countries including the distribution of income.

--It is also a domestic problem in developing countries in terms of the adequacy of the infrastructure for the distribution of food, including storage, port facilities, transportation and information concerning crop and market conditions.

--It is a problem of international trade and adjustment, aid flows and the stability of international food markets.

(World Food Council)

Grain reserves do not feed hungry people.[24] Rather, grain reserves stabilize supplies. If distributed in a manner which does not undercut LOCAL production and which reaches the hungry people, grain released from the reserve will reduce hunger. The term "farm price stability"[25] in the second sentence is inaccurate. It should be "commodity price stability".

Under PL-480 to describe shipments of wheat falling off as a function of increases in wheat prices due to world shortages, portrays the wheat reserve backstopping PL-480 as a reserve merely responsive to high prices. Emphasis should be on acute short supplies and the need for the PL-480 reserve to be tapped in response to the need to fulfill PL-480 commitments under these conditions.

U.S. Farm Policy:[26] Reference to LDC self-sufficiency[27] in the recent past should be expanded upon and perhaps be moved up to the introduction to the whole chapter. Reference might also be made to the fact that some 90-95% of all basic food is produced internally in nearly every country, yet deficits in some countries are increasing for complex reasons.

Genetic Diversity and Seed Patenting:[28] Genetic diversity is a key to the survival of our food supply. It is agriculture's primary defense against pests, diseases, and changing environmental conditions. Yet, according to the National Academy of Sciences, many of our food crops are now "impressively vulnerable" due to their lack of genetic diversity.

This vulnerability has been given a big boost by plant patenting laws. In Europe, these laws have created so many legal nightmares that the Common Market is now actually outlawing many unpatented varieties. Dr. Erna Bennett of the Food and Agriculture Organization estimates that by the end of this decade three-quarters of all the vegetable varieties grown in Europe will be extinct due in large part to the enforcement of patenting laws.

Congress is currently considering legislation which would, among other things, allow the U.S. to join an international agency dominated by European governments and established to promote and standardize these laws worldwide. At the very least, there should be a thorough and careful review of this proposed legislation and all related laws currently on the books. Establishing law to patent forms of life raises serious ethical questions and may establish dangerous precedents. Appropriate federal agencies should be directed to do long-range reviews of these laws in light of world food security, conservation, and diversity. Appropriate policies and legislative remedies would hopefully follow.

Closely interrelated with patenting laws are distressing trends within the seed industry. Patenting laws, strongly supported by some large seed companies, have encouraged concentration within the industry. The number of seed company takeovers, particularly by large pesticide, fertilizer, and drug companies, has increased dramatically over the last few years. This could well lead to oligopoly pricing and the potential that narrow economic self-interests will be determining the fate of humankind's common heritage--agricultural diversity.

U.S. Farm Policy:[29]

There is a fundamental contradiction between U.S. agricultural policies and the Commission's recommendation that the goal of development should be self-reliance. The Preliminary Report states:[30] "Now only must more food be produced in a fashion that develops self-reliance for individual citizens as well as the nation itself." Yet America's agriculture economy is based on the concept of "comparative advantage" which means that in the interest of efficiency, the U.S. should concentrate on producing what it can produce most cheaply - grains - and other nations should do likewise. With the revenues from export sales, nations will theoretically be able to buy what they need to feed themselves. The Commission has found that in practice this system of export cropping does not work very well either in terms of feeding people or strengthening self-reliant development. It should come as no surprise that placing U.S. agriculture on an export footing has disrupted its own farm sector. The economic wellbeing of farmers at home and abroad now is tied to the uncertain availability of export markets characterized by sharp price instability.

The availability of cheap grain from the U.S., which maintains one of the lowest price support levels for wheat and corn of any nation in the world, has been a double-edged sword for developing nations which have come to rely increasingly on grain imports to feed their people. Developing nations have increased their food production faster than in developed countries in some cases, but not as fast as population growth. The low or fluctuating prices of U.S. grain have added to the problem of food production in developing nations by making them more susceptible to market disruptions (which reduce the purchasing power to buy food) and by undermining price incentives for farmers to increase production.

The developing nations now are more dependent than ever on international commodity markets which have been repeatedly wracked by severe commodity supply and price fluctuations -- as occurred most recently during the food shortage years of 1972-74.

The consequences have been particularly harmful for developing nations because fluctuating commodity prices undermine their exchange rates, economic stability and rate of development. The low prices of U.S. grain exports -- which set "world market" prices because the U.S. dominates the international commodities trade -- undercut the market prices and support levels for agricultural commodities in developing nations. Food aid from the United States, for example, often has undermined commodity prices in developing nations, thus creating a disincentive to local production. The domestic price policy of the U.S. is projected upon the world, severely depressing world trading prices for grain. Such programs may be very expensive to operate if they require significant subisidies to farmers, but maximum benefit to both producers and consumers will result from strategies which bring grain to market at prices which reflect true costs of production.

Self-reliance in the developing countries will never be achieved as long as U.S. agricultural policies continue to work against it. Only when the U.S. agricultural system is itself more self-reliant will the contradiction between U.S. domestic and international policies be reconciled. Far-reaching changes in current policies will be required if U.S. agriculture is to be restructured on a more self-reliant basis. Such changes would involve strengthening the small and medium-sized farm as the principal unit of production; a reduction in nonrenewable energy usage; an improvement in conservation practices, tax reform; and an overhaul of the price support system. What is needed in short, is the recognition that the U.S. must undertake the same kinds of structural reforms that the Commission is recommending for the developing countries. The U.S. needs agrarian reform just as the developing countries do -- and for the same reason: in order to promote more equitable development.

Over the past several decades, long periods of low commodity prices, as well as other public policies, have benefited a minority of large farmers the most, thus treatening to undermine the resilience and productivity of domestic agriculture. On the average, 2000 farmers per week have gone out of business since World War II. There are about 2.7 million farms left today, but the largest 20% now have 80% of the sales.

The loss in farm numbers and the resulting increase in farm size was not merely an inevitable consequence of technology. According to the U.S. Department of Agriculture, public policies "have usually encouraged farm growth and consolidation by benefiting larger farms relatively more than the smaller farms." Rising public concern regarding the loss in farm numbers has led Agriculture Secretary Bergland to call for a full-scale national dialogue to evaluate the effects of public policy on farm structure.

A survey of various public policies reveals the legitimacy of Secretary Bergland's concern. Tax policy is one of the strongest public measures available to achieve a more equitable redistribution of income, yet, in agriculture most of the tax preferments go to the larger farms. Agricultural technology is energy intensive, making the productivity of agriculture more dependent on expensive fossil fuels. An adequate credit program is lacking for those who need it the most: new farmers and those with limited equity who cannot obtain credit from private sources. Agricultural research has been oriented toward large-scale, energy intensive and specialized production at the expense of maintaining systems of small and medium-sized family farms which employ smaller scale, less energy intensive technology, and diversified production patterns. Agricultural marketing after the first point of sale is

generally beyond the control of farmers or consumers. Instead, a handful of multinational grain companies and large processing firms dominate the marketing of agricultural commodities, making both farmers and consumers powerless price-takers in the marketplace. Since the price support programs have always been based on production, which reflects existing patterns of landholding, the larger farms with a greater volume of production receive more benefits from commodity programs than the small and medium-sized farms. In sum, a variety of public policies have provided numerous benefits to large farms, thus encouraging their continued expansion even beyond economies of scale.

Among the many public policies which influence the structure of agriculture in the U.S., and inadequate commodity price policy - that is, the lack of price support -- has accelerated the trend toward fewer and larger farms. According to a recent GAO report entitled, Changing Character and Structure of American Agriculture: An Overview, farmers had to expand simply to maintain their income which was eroding because of narrowing profit margins. GAO called it a "fight for economic survival" as higher production costs and lower commodity prices trapped farmers in a cost/price squeeze. They were forced to expand in the hope that economies of scale would reduce costs on a per acre and per bushel basis and that increasing the volume of production would help them maintain their margin of profit.

Instead of achieving economic stability, the larger farms also ran into financial difficulty because of low commodity prices and spiraling production costs. GAO reported that the largest farms -- the 2% raising one-third of the our produce - are neither as productive, as efficient, nor as resilient as smaller farms. The larger farms, with their reliance on heavy capital expenditures, borrowed capital, hired labor and specialized production, are less able to withstand economic adversity. At the same time, higher capital requirements and operating costs make it more difficult for new farmers to enter agriculture and specialization makes them more dependent on fewer commodities for their income.

Crop specialization, economic pressure on farmers to expand production in the hopes of increasing their marginal return, and periodic calls to substantially expand production to meet intermittently heavy export demands, have resulted in higher productivity and production levels during the past several decades, but the increases have occurred at the expense of sound conservation practices. According to USDA, "soil erosion continues to be a resource problem of major proportions." In the Corn Belt, where much of the nation's row crops are grown, the average soil loss is 8.1 tons per acre per year, about twice the rate that is compatible with sustained productivity. As Secretary Bergland has said: "We are on a collision course with disaster" which threatens to destroy the long-range productivity of U.S. agriculture.

An additional threat to the U.S. agricultural system (and to LDC system as well) is the trend toward the genetic uniformity of food crops. The natural diversity of seed strains which always provided adaptation to specific ecological conditions and ensured resistance to pests and diseases, has all but disappeared in favor of high yield varieties created by huge seed companies. Although these seeds are particularly suited to capital and energy intensive agricultural methods, their genetic uniformity makes them vulnerable to pests and diseases that require increasing quantities of new and dangerous chemicals to control.

The trend toward fewer and larger farms also has undermined the economic base and social fabric of rural America. Rural communities flourished when surrounded by a large number of farmers who patronized local businesses. But when low farm income contributed to the migration of tens of thousands of farmers off the land, the rural economy deterioriated and the declining tax base reduced the quality of health care and other public services in rural areas. In turn, the people who left the countryside went to the cities to compete for jobs, thus increasing the unemployment and welfare rolls in many urban areas.

The continuing loss of farms in the United States, as the preceding analysis suggests, jeopardizes the stability of domestic agriculture and its ability to sustain existing levels of production. Few people disagree with the national objectives of encouraging a family farm system of dispersed, diversified agriculture, but unfortunately, public policies have encouraged the trend toward fewer and larger farms, thereby concentrating land ownership in fewer hands and converting U.S. agriculture to production patterns which undermine sound soil and water conservation practices.

Recommendations on U.S. Farm Policy[31]

I believe that the negative effects of low and fluctuating farm commodity prices threaten to undermine the resilience and productivity of U.S. agriculture and contribute to hunger in developing nations by reducing both the incentive to produce food and the purchasing power to buy it. Therefore:

1. I recommend that U.S. agricultural price support programs be structured in a manner which will give economically productive small and medium-sized farms the opportunity to receive an equitable return on their labor and investment, comparable to returns in other sectors of the economy.

2. I recommend that the U.S. press for an early resolution of issues impeding the establishment of a global system of reserves and support the efforts of developing countries which might wish to create their own reserves; in support of domestic reserves, I urgently recommend that the maximum stocking level of the U.S. farmer-owned reserve be increased to 30 million tons of wheat and that the price at which grain is released from this reserve be set at levels which will assure that the reserves will be used only in periods of major production shortfalls and which will help maintain farm income at the price support level recommended

3. I recommend that the U.S. family farm system be strengthened through soil and water conservation measures designed to sustain the long-range productivity of agriculture, particularly during periods when government policies or market demand makes maximum productivity a goal, and through measures to support and encourage family farm enterprises.

Comments on Sect. IV, Development Assistance

Earlier sections (I and II) of the Report conclude that hunger "calls for a political as well as a technical solution" and that because it is caused by poverty, hunger is "primarily" a political, economic and social problem. In other words, the Commission has identified hunger as a structural problem whose solution will require an unprecedented degree of awareness of its awareness of its true causes and political will to change them. Yet the findings and recommendations offered in this chapter are inconsistent with the previous analysis and adopted self-reliance theme, in that they treat the problem as if it were susceptible to technical, bureaucratic and welfare remedies.

In some cases I accept the actual chapter findings or recommendations in themselves but reject the emphasis (weak or strong) with which they are addressed. In other cases I actually disagree. For example, the analysis of New Directions (Finding 5)[33] is wrong. It insinuates that interpretation of the legislation prevents AID from undertaking physical infrastructure and institution building projects. This is neither true in theory nor in practice. Few experts deny the need for such projects but do agree that other development agencies, like the multilateral development banks, are better suited to focus on them, assuming that at least indirect benefit does accrue to the poor. I therefore support the intent of New Directions that U.S. bilateral aid focus on the more direct benefit project types.

Examples of technical issues with which I disagree on emphasis would be technical assistance[34] and research.[35]

The faulty bureaucratic focus can be found throughout the chapter but is highlighted by repeated negative references to Congressional "intervention" in the development process. I agree that there are elements of short-term U.S. political and economic interests which undermine true development goals but do not accept that Congress alone is responsible as the chapter insinuates. Moreover, not all Congressional interventions are based on such ill-suited interests. Rather, awareness of the problems within the development assistance program has led to increasing Congressional involvement in the process.

Finally, essentially welfare-type solutions are recommended to address the worst aspects of hunger in the short run. I fully support immediate actions which actually do alleviate hunger but question the emphasis given to nutrition intervention programs.

More importantly, I question that there is a "developmental" use of food aid since (to quote the text) "there is an inherent contradiction between food aid, which increases the dependency of recipients upon donors, and measures in increased purchasing power and basic food production within the developing countries themselves."[36] Therefore, before I endorse "developmental" uses of food aid as short-term solutions I would call for a thorough investigation and analysis of the contradictions between self-reliant development and such programs which are likely to create dependencies on imports and disincentives to increased local agricultural production.

Cross-cutting all three of the chapter's foci (technical, bureaucratic, and welfare) is a call for significant increases in U.S. funding levels for development assistance. Although I support the intent of this recommendation I emphasize not the levels per se but rather the effective use of all development assistance funds based upon a targeted self-reliant and basic human needs approach.

In addition, the chapter reflects nothing of the debate among development experts over the issue of development assistance as an obstacle to self-reliance. The basic argument against aid is that it tends to reinforce local elites and therefore does nothing to improve the lot of the poor or makes it worse. It is estimated that 90% of the food aid sent to serve LDCs benefits the middle class rather than the poor for whom it is intended. Whetheror not oneaccepts the contention that since aid is an obstacle to structural change it should be ended, it is undeniable that aid is an intervention and therefore cannot be neutral or apolitical. For the optimist the issue becomes: how to intervene in a positive way; in a way that benefits the poor. The chapter has nothing to say about this dilemma surrounding development assistance and pays only lip service to the political aspects of hunger with the result that its recommendations are at best largely irrelevant.

Sections I and II stated that analyzing the causes of hunger inevitably entails a certain amount of "courage". It is ironic that in the Development Assistance Chapter "courage" is the quality most conspicuously lacking. Taken as a whole the main thrust of the recommendations is "business as usual" and more of the same. Our basic human needs agreement represents a new approach to the allocation of development assistance that takes into account the political aspect of aid as well as the political realities in the U.S. today. The experience of 25 years has clearly demonstrated that commitment to improving the welfare of the poor is the most important factor in the development process. The basic human needs agreement elevates commitment from being just one of the factors to the factor that determines whether the U.S. should enter into bilateral aid agreements with specific countries. Not only is the basic human needs agreement consistent with the reports earlier analysis, it is also practical because it is based on effectiveness criteria. To recommend a massive increase in aid allocations without justifying that increase in terms of effectiveness is naive in today's climate of fiscal austerity. Without the basic human needs agreement to provide the conceptual framework for the recommendations, the chapter lacks both substantive and operative coherence.

The World Bank as the world's most important development agency[37] should reverse its policy of avoiding the difficult political issues surrounding structural change and focus its energies and resources on ways to implement asset redistribution in countries where it is essential to achieving equitable growth. It should also devote an increased percentage of its lending to agricultural projects aimed at small farmers and landless laborers.

I recommend that the U.S. instruct its representatives to the World Bank and other international lending agencies[38] to request that these institutions undertake a wide ranging review of their lending activities as they represent a commitment to New Directions lending and that the U.S. encourage these organizations to adopt a commitment to this type of lending and increase the U.S. contribution to the banks.

The Director of IDCA should be made a permanent member of the National Security Council.[39]

Finally, I endorse the chapter's recommendations on national security priorities and redefinition;[40] land reform;[41] employment;[42] emergency relief[43] and international organizations.[44]

Basic Human Needs Agreement

While the Commission recognizes that the basic cause of hunger is poverty and is, therefore, a political problem as well as a technical problem, it has to date been reluctant to confront the highly sensitive political aspects of development. Yet the development experience of the last 25 years has taught the experts that it is no longer possible to view development solely in terms of economics. The following proposal is an attempt to deal directly with the political element of the development process by providing a mechanism whereby assistance can be allocated to those countries which have demonstrated a commitment to equitable growth.

I recommend that the U.S. institute a Basic Human Needs Agreement (BHNA) as the basis of its bilateral aid relationships. The purpose of the BHNA is to ensure that U.S. assistance funds are effectively utilized through projects and programs designed to alleviate hunger. Under the BHNA, the U.S. and the aid recipient would agree to work together toward specific and measurable development goals, for example, a reduction in infant mortality, a higher literacy rate, or a better distribution of income - and would allocate resources to reach those goals. The BHNA would function essentially as a contract in which the aid recipient agrees to pursue a development strategy aimed at overcoming poverty and hunger, in return for continued assistance from the U.S.

The advantage of the BHNA is that it provides a mutually acceptable set of expectations that would minimize misunderstandings between the U.S. and aid recipients. From the U.S. point of view, the BHNA provides both a justification and a method of accountability for the allocation of development funds that would serve to increase public confidence in the effectiveness of U.S. aid programs. Opinion polls indicate that while Americans support efforts to eliminate hunger and poverty in the world, they are generally skeptical of the value of foreign aid to the point of regarding it as a waste of money. As budgetary pressures increase, it will be ever more difficult to attain the funding levels recommended by the Commission unless it can be demonstrated that the results are worthwhile.

The BHNA would offer at least a partial solution to the Commission's finding that foreign aid is often used for short-term, political and/or military objectives, rather than development objectives. The BHNA would clearly separate these two categories of objectives thus avoiding the kind of situation that prevails in the Philippines where AID allocates hundreds of millions of dollars to a country official rated by AID itself as having a "poor" commitment to development.

From the point of view of the aid recipient, the advantage of the BHNA is that it would receive - most likely - higher levels of aid for longer periods, and would not have to suffer yearly fluctuations in appropriations. In addition, the BHNA could easily be transformed into the foundation of U.S. bilateral trade relationships, which would mean that trade and tariff policies would be adjusted to complement the development strategy of the aid recipient. For example, a country which signed the BHNA would benefit from special consideration in terms of trade preferences and reduced tariffs on its exports. Clearly the extent of coordination of overall trade policy with development policy depends upon the strength of IDCA and whether or not it has the authority to implement the Commission's first recommendation: that the elimination of hunger be made the primary focus of U.S. relationships with the developing countries. Once developmental objectives receive the level of priority envisioned in the IDCA recommendation, the full potential of the BHNA will be realized.

The concept of the BHNA is a natural outgrowth of developmental criteria that are already part of existing legislation and AID policies. The BHNA brings together the general guidelines of the New Directions legislation and the specific performance criteria of AID's Country Development Strategy Statement document into more formal and unified package, but there is nothing new in terms of developmental objectives. The innovation of the BHNA is to make commitment the determining factor of the bilateral aid relationship rather than just one of many factors. It represents, therefore, a reordering of priorities in response to what the Commission has concluded about the nature of the hunger problem: that the key to its solution lies in the creation of political will to undertake fundamental structural reforms for the benefit of the poor.

The practical application of the BHNA will require a rethinking of U.S. foreign assistance relationships. At present, aid is offered (outside of countries where national security is the primary motive) to countries on the basis of need, which is calculated by AID according to a formula relating per capita income, number of poor people, and commitment to development. Under the BHNA procedure however, a country like Bangladesh, undoubtedly in need of help, but which also carries an AID rating of "indifferent" as far as commitment to development is concerned, would probably receive little or no aid unless the government agreed to serious reforms, i.e. agrarian reform or its equivalent - aimed at providing the poor with the means to feed themselves.

An important corollary of the BHNA is the following recommendation: that U.S. firms receiving financial assistance from OPIC and the Export-Import Bank, be required to file a Hunger Impact Statement. The purpose of the Hunger Impact Statement would be to ensure at the very least, that private investment in the LDCs does not have an adverse effect on the poor, and more positively, that the financial aid be channelled toward projects and investments designed to have a beneficial impact on the income and living conditions of the poor. The criteria used to make this determination would be the same as those used by AID in assessing development commitment and performance.

Participatory Development:

The Commission has found that development efforts are most effective if the intended beneficiaries have a clear idea of the relevancy of the programs to their specific situation. This can be achieved by encouraging local participation in diagnosing problems, planning, designing, and implementing programs. Local people can then offer their special insights and cultural perspective of the problems and solutions to ensure the program's appropriateness and success. The importance of participation was a key issue at the WCARRD in Rome last summer where it was stated that:

> Participation should reflect their own identification of their needs and those of their community, and should result in action in which they are centrally involved in implementation of village level development projects. This means development not only <u>for</u> the people, but <u>by</u> the people and <u>with</u> the people.

Thus, it is requisite that the beneficiaries of aid no longer be considered the "subjects" to be developed, or the "targets" of someone else's good ideas, but rather that they become the central component in the development process, that the ideas come from them.

I therefore recommend that AID and other agencies involved with the formulation and implementation of development programs, adopt a specific format that encourages the participation of local beneficiaries in all levels of the process. I further recommend that development programs show proof of such involvement before funding can be granted.

Women In Development:

The contribution, potentials and needs of women should be taken into account in the planning and implementation of development strategies. To ensure women's participation at all levels of the development process, measures must be taken to enhance women's access to education, adequate health care, agricultural credit and loans, equal pay for equal work and equal treatment in agrarian reform efforts. The scope of women's organizations and groups should be extended and strengthened to provide leadership at the village level and to help women become equal partners in and beneficiaries of, development.

<u>Comments on Section V, Domestic Hunger and Malnutrition: Overcoming Hunger at Home</u>[45]

The last sentence of the Introduction[46] should read: "However, serious nutritional effects of poverty continue to be evident among various low-income and minority groups and more specifically structural strategies aimed at income and employment, increased productivity and domestic self-reliance are essential."

I recommend that increased resources be provided to those domestic hunger programs which have a demonstrated record of success and that a systematic effort to assess the nutritional status of Americans be undertaken, and that outreach efforts be expanded and certification procedures improved in order to increase participation in the hunger programs among those who are eligible, and that the U.S. commit itself to a policy of national development that includes the same anti-poverty and anti-hunger approaches the Commission is recommending for the developing countries.

Comments on Section VI, The Need for Public Education[47]

According to the recommendations of the Commission, the United States Government is not properly organized to address the issues raised by the Report --

> The end result is that there is no voice within the United States Government that is either independent or powerful enough to defend long-term economic development goals against competing short-term political or military objectives.

If the elimination of hunger is to become the primary focus of our relationship with the Third World, governmental structure throughout must reflect the following changes:

1. Within the White House there be created a White House Office on Hunger, an office separate from the Domestic Council and the National Security Council which could view the impact of policies that cross jurisdictional boundaries in the bureaucracy and advocate within the White House staff for the elimination of hunger.

2. That the "new" White House Office on Hunger prepare legislative language based on the Commission Report and Comments for submission to the Congress. The legislation shall include all areas mentioned in the Report: aid, trade, domestic agriculture policy, etc.

3. That an advisory committee be established to advise the President on an ongoing basis of the appropriate steps necessary for the elimination of hunger. This advisory committee would also be responsible for dissemination of relevant information to the public.

4. That the House of Representatives and the Senate establish Ad Hoc Committees on Hunger with members from each of the relevant jurisdictional committees to implement the necessary legislative recommendations of the President.

While I support the above proposals, I would hope that the establishment of the "White House Office of Hunger" would not interfere with the prompt submission of a comprehensive legislative proposal based on the Commission's findings, recommendations, and comments of Commissioners.

FOOTNOTES TO GILMAN STATEMENT

1) p. ix
2) p. x
3) p. 3 et seq.
4) p. 19
5) p. 29
6) p. 49
7) p. 49 para. 3
8) p. 49 para. 3
9) p. 50 para. 2
10) p. 50 para. 2
11) p. 53
12) p. 62
13) p. 54
14) p. 55
15) p. 59
16) p. 63
17) p. 69
18) p. 75
19) p. 80 para. 3
20) p. 81 para. 1
21) p. 87
22) p. 84
23) p. 89
24) p. 90
25) p. 90 para. 3
26) p. 95
27) p. 95 para. 4
28) p. 100 para. 1
29) p. 95
30) p. 36
31) p. 102
32) p. 105
33) p. 116
34) p. 117
35) p. 125
36) p. 140 para. 1
37) p. 132
38) p. 173
39) p. 112
40) p. 108
41) p. 129
42) p. 130
43) p. 143
44) p. 144
45) p. 153
46) p. 154 para. 2
47) p. 173

NOTE: Footnotes provide page references to Sections I-VI.

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